

**Aditya Birla Sun Life AMC Limited  
2019-20**

# Board's Report

Dear Members,

The Board of Directors of Aditya Birla Sun Life AMC Limited ("Your Company") is pleased to present the **Twenty-Sixth** Annual Report and the Audited Financial Statements (Consolidated and Standalone) of your Company for the financial year ended March 31, 2020 ("financial year").

## FINANCIAL SUMMARY AND HIGHLIGHTS

The highlights of the Consolidated and Standalone Financial Results are as under:

(₹ in Crore)

Particulars	Consolidated#			Standalone		
	2019-20	2018-19	%	2019-20	2018-19	%
Revenue from Operations	1159.67	1326.77	(12.59%)	1139.66	1305.22	(12.68%)
Net Gain on Fair Value & Other Income	75.10	80.48	(6.68%)	75.09	85.77	(12.45%)
<b>Total Income</b>	<b>1234.77</b>	<b>1407.25</b>	<b>(12.26%)</b>	<b>1214.75</b>	<b>1390.99</b>	<b>(12.67%)</b>
<b>Total Expenditure (excl. Depreciation)</b>	<b>537.52</b>	<b>747.34</b>	<b>(28.08%)</b>	<b>521.39</b>	<b>729.95</b>	<b>(28.57%)</b>
Profit/(Loss) before Depreciation and Taxation	697.25	659.91	5.66%	693.36	661.04	4.89%
Less: Depreciation	36.52	13.15	177.72%	41.17	13.04	215.95%
<b>Profit Before Taxation</b>	<b>660.73</b>	<b>646.76</b>	<b>2.16%</b>	<b>652.19</b>	<b>648.00</b>	<b>0.64%</b>
Less: Provision for Taxation (Net of deferred tax adjustment)	166.33	199.22	(16.51%)	166.29	199.14	(16.50%)
<b>Profit After Taxation</b>	<b>494.40</b>	<b>447.54</b>	<b>10.47%</b>	<b>485.90</b>	<b>448.86</b>	<b>8.25%</b>
<b>Share Capital</b>	<b>18.00</b>	<b>18.00</b>	-	<b>18.00</b>	<b>18.00</b>	-
<b>Reserve &amp; Surplus</b>	<b>1298.87</b>	<b>1205.37</b>	-	<b>1328.07</b>	<b>1245.17</b>	-
<b>Less:</b>						
Debit Balance in Profit and Loss Account	-	-	-	-	-	-
<b>Net Worth</b>	<b>1316.87</b>	<b>1223.37</b>	-	<b>1346.07</b>	<b>1263.17</b>	-

# Including

Aditya Birla Sun Life AMC (Mauritius) Ltd.

Aditya Birla Sun Life Asset Management Company Pte Ltd. (Singapore) and

Aditya Birla Sun Life Asset Management Company Ltd. (Dubai)

The above figures are extracted from the Consolidated and Standalone Financial Statements prepared in accordance with accounting principles generally accepted in India including the Accounting Standards specified under section 129 (3) of the Companies Act, 2013 ("the Act") read with the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act.

The detailed Financial Statements as stated above are available on the Company's website at - [www.adityabirlasunlifemf.com](http://www.adityabirlasunlifemf.com)

## ACCOUNTING METHOD

### **Implementation of Indian Accounting Standards (IND-AS) converged with International Financial Reporting Standards (IFRS)**

The Company has prepared the financial statements as per Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standard) Rules, 2015 (as amended from time to time) for the period under review. Since, the Accounts of the Company are consolidated with Aditya Birla Capital Limited ("ABCL"), the Holding Company to which IND AS applies, the Company has also prepared and submitted to ABCL, the financial statements in IND AS format for FY 2019-20.

## **KEY HIGHLIGHTS**

The key performance highlights of the Mutual Fund industry and the company for the financial year under review are as follows:

### **Mutual Fund Industry Highlights**

- Industry Annual Average Assets under Management (AAUM) for the year ended March 2020 reached ₹ 26,23,156 Lakh crore with growth of about 10% over the last one year.
- Industry equity Annual AAUM stood at ₹ 10,97,413 lakh crore for the year ended March 2020 growing by about 10% over the past year
- Industry customer folios have increased from 8.25 crore in March 2019 to 8.97 Crore in March 2020.
- Industry SIP book size stands at around ₹ 8,641 Crore as on March 31, 2020.

### **Aditya Birla Sun Life Mutual Fund Highlights**

- The Company stood as the 4<sup>th</sup> largest Asset Management Company in the Mutual Fund industry with Annual AAUM for the year ended March 31, 2020 of ₹ 2,51,310 crore of AAUM and a market share of 9.58 %.
- During the financial year ended March 31, 2020 the overall folio count stood at 7.2 million with the Company achieving a market share of 8.01%.
- The Domestic Equity Annual AAUM reached ₹ 90,234 crore representing a market share of 8.22% and 5 year CAGR growth of 35% which is also the 2<sup>nd</sup> highest amongst top 5 AMC's.
- The Company garnered a live SIP count of 29.2 Lakhs and a SIP book size market share of 9.9% as on March-20.
- The retail AAUM for March-2020 stood at ₹ 1,06,496 crore with a market share of 8.25%, and a 5 Year CAGR of 18% which is 2<sup>nd</sup> highest among top 5 AMC's.
- The AAUM of B-30 Cities for March-2020 stood at ₹ 33,550 crore with a 5 year CAGR of 20% against industry average of 15% which is also the 2<sup>nd</sup> highest among the top 5 AMC's.
- Four new funds, Aditya Birla Sun Life Pharma & Healthcare Fund, Aditya Birla Sun Life PSU Equity Fund, Aditya Birla Sun Life Banking ETF and Aditya Birla Sun Life Fixed Term Plans garnered AUM of ₹ 133 Crore, ₹ 213 Crore, ₹ 83 Crore and ₹ 71 Crore respectively during their New Fund Offer (NFO) period.
- Profit Before Tax (PBT) Basis points (Bps) to AUM of 26 was achieved for FY2020.
- Presence across 310 Locations with greater than 75% locations in B-30 Cities.

### **Alternate Business Highlights**

- Combined Annual AAUM of Alternate & Offshore Business stood at ₹ 15,678 Crore of which equity Annual AAUM stood at ₹ 9,471 Crore.

The Company focuses on Scale, Expand and Efficiency (SEE) strategy with the overarching principle of customer advocacy and creating a culture of customer centricity amongst employees.

## **MATERIAL EVENTS DURING THE YEAR**

As indicated in the previous year, the assets under Aditya Birla Real Estate Fund (ABREF) were purchased by Aditya Birla Real Estate Special Opportunities Fund (ABRESOF) for a total consideration of ₹ 368 Crore. From the sale proceeds and balance surplus of ABREF, total sum of ₹ 337.72 Crore were distributed to the investors of ABREF. Out of the sale proceeds of ₹ 368 Crore, ₹ 30.28 Crore were kept aside in a separate escrow account with the Trustees for provision for tax.

Global Clean Energy Fund SPC which is an offshore step-down subsidiary was wound up on March 31, 2020.

### **Business Continuity Amidst Covid-19**

The World Health Organization declared Covid-19 as a global pandemic. The Government of India on March 24, 2020 announced nationwide lockdown in the country for the containment of Covid – 19 as an emergency and precautionary measure, initially for 21 days which was further extended until May 17, 2020. Various directions and advisories were issued by State Governments / Public Authorities under the Epidemic Act 1897 including orders under Disaster Management Act, 2005 ("Act") against mass gatherings and other measures to reduce public contact point for the safety and wellbeing at large.

Amidst the above situation, the Company invoked the Business Continuity Plan ('BCP') and adopted **work from home policy** to ensure its business operations continues uninterrupted and at the same ensuring the safety of investors, employees and support staff while managing the requirement of all stakeholders.

Further, the crisis management team continues to assess and evaluate the risks for implementing control measures to safeguard the Company and employees from any adverse situations by enabling digitization with automation for seamless business operations of key functions like investment, customer service, distributor servicing, etc. Regular communication in this regard is being sent to employees, investors and distributors informing them about the standards of hygiene and safety measures adopted to continue services at branches. Self-servicing options like various apps, websites, email, customer care, WhatsApp, chat & voice bots, etc are also being actively promoted to all our stakeholders.

The Company and its subsidiaries are continuously monitoring the situation including assessment of infrastructure requirements and redesigning of processes by leveraging on technology to adapt to the work from home framework without any dilution of controls to ensure continuity at peak volume levels.

A comprehensive pandemic risk management strategy was developed and headed by the Head – Risk Management and supported by the entire Leadership Team of the Company. The strategy included re-classification of business-critical processes, support from key vendors, continuous communication protocols to the investors and distributor fraternity, conference calls with strategic investors and all stakeholders. To ensure effective implementation of the strategy, a comprehensive drill was successfully conducted prior to the actual closure of offices. Owing to the successful implementation of the strategy, the company continued to fully work from home during the initial country wide lockdown without any material deviations across any aspects. The focus on digital push in the past ensured seamless transaction processing for all types of investors.

The extent to which the Covid-19 pandemic will impact the Company will depend on the future developments, which are uncertain due to lack of clarity pertaining to its spread. More details on impact on business and Company's strategy to deal with is covered in Management Discussion and Analysis report forming part of the Annual Report.

## **HOLDING/SUBSIDIARY/JOINT VENTURE/ ASSOCIATE COMPANIES**

### **HOLDING COMPANY**

During the financial year under review, Grasim Industries Limited remained the ultimate Holding Company of your Company and Aditya Birla Capital Limited continues to be the Holding Company of your Company. Grasim Industries Limited and Aditya Birla Capital Limited are listed at BSE Limited (BSE) and National Stock Exchange Limited (NSE). As per clause 16(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company is considered as a Material Subsidiary Company of Aditya Birla Capital Limited.

### **SUBSIDIARY COMPANY**

During the year under review, the Company had 7 foreign subsidiaries (as named in **Annexure VIII**), including step down subsidiaries (subsidiary by virtue of holding management shares). Global Clean Energy Fund SPC which was an offshore step-down subsidiary was wound up on March 31, 2020. No new subsidiary was formed during the year.

### **JOINT VENTURES/ASSOCIATE COMPANY**

During the financial year under review, there was no Joint Venture/Associate Company.

### **TRANSFER TO RESERVES**

During the year, the Company generated standalone Profit after Tax (PAT) of ₹ 485.90 crore and paid Dividend of ₹ 330 crore & Dividend Distribution tax of ₹ 67.83 crore thereon. An amount of ₹ 88.07 crore is proposed to be carried to reserves.

### **DIVIDEND**

During the year under review, the Company had declared interim dividend at the rate of ₹ 83.333 per share in the month of July 2019 and ₹ 100 per share in the month of January 2020, on 18,000,000 equity shares of ₹ 10 each amounting to an aggregate of ₹ 330 crore which have been paid to the equity shareholders of the Company.

### **SHARE CAPITAL**

The Company's paid up Equity Share Capital as on March 31, 2020 was ₹ 18 crore.

### **DEPOSITORY**

As on March 31, 2020, out of the Company's total equity paid-up share capital comprising of 1,80,00,000 Equity Shares, 91,79,922 Equity Shares (50.99%) were held in dematerialised mode.

## **PUBLIC DEPOSITS**

The Company, being an Asset Management 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**

The Company has not given loans or guarantees or provided any security. Particulars of investments made during the year as required under Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 are provided in the Note No. 7 of the standalone financial statement.

## **CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION**

The particulars with respect to the conservation of energy and technology absorption as required to be disclosed pursuant to provision of Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are attached as **Annexure I** to this report.

## **FOREIGN EXCHANGE EARNINGS AND OUTGO**

The foreign exchange earnings during the financial year under review were ₹ 5.44 crore as compared to ₹ 11.79 crore during the previous year. The foreign exchange outgo during the financial year under review was ₹ 174.66 as compared to ₹ 166.29 crore during the previous financial year.

## **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There were no material changes and commitments affecting the financial position of the Company from end of the financial year up to the date of this Report excluding the impact of the spread of COVID-19 pandemic, and its impact on financial position of the Company which is still unfolding.

## **CHANGE IN NATURE OF BUSINESS**

During the financial year under review, there has been no change in the nature of business of the Company.

## **EMPLOYEE STOCK OPTION**

Employee Stock Options have been recognised 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 and to create long term wealth in the hands of employees, thereby and acting as a retention tool.

In view of the above, Aditya Birla Capital Limited (ABCL) had formulated “**Aditya Birla Capital Limited Employee Stock Option Scheme 2017**” (“Scheme 2017”) for the employees of the Company and its Subsidiaries.

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 Subsidiary Companies of ABCL.

## **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 as **Annexure II**.

## **CORPORATE GOVERNANCE REPORT**

A separate report on Corporate Governance is attached as **Annexure III** to this report.

## **STATEMENT CONTAINING SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARIES**

A report on the performance and financial position of the Company’s subsidiaries as per the Section 129(3) of the Act and the Rules made thereunder is provided in the prescribed form **AOC-1** as per **Annexure V** to this report.

The Financial Statements of the Subsidiary Company and all other documents required to be attached thereto are available on the Company’s website at [www.adityabirlasunlifemf.com](http://www.adityabirlasunlifemf.com).

In accordance with the Companies Act, 2013 and Accounting Standard (AS) - 21 on Consolidated Financial Statements, the audited consolidated financial statement forms part of this Annual Report.

## **RISK MANAGEMENT**

The year 2019-20 was perhaps the most challenging year ever for Financial institutions. The year witnessed major Risk events like liquidity and credit crises and ended with a Black Swan event of Covid-19 Pandemic.

Over the years, the company has built a strong Risk Management Framework supported by well-established policies and procedures and a talented pool of Risk Professionals. The company was able to face up to the unprecedented challenges during the last year and emerge as a strong and stable organization during turbulent times.

The Company has a well-established Risk Management framework designed to identify, assess, monitor and mitigate risks inherent in the business. The framework enables risk management through a structure of Committees, policies, internal controls and reporting. The Company integrates internal audit and risk management enabling a pre-emptive review of control effectiveness and faster redressal of any issues.

The organizational structure to address the risk consists of “Three lines of defense”:

- First: Line Management (Functional Heads) to ensure that accountability and ownership is as close as possible to the activity that creates the risks;
- Second: Risk Oversight - Risk & Compliance Function, Chief Executive Officer and the Risk Management Committee (RMC);
- Third: Independent Assurance - Internal Audit, conducted by Independent Internal Auditors, Group Auditors whose work is reviewed by the Audit Committee.

A Risk Management Committee, Investment Committee and Audit Committee have been set-up to ensure monitoring of risks and Governance. These committees are prima facie governed by their Charters.

The Company has an Enterprise Risk Management (ERM) framework in place, which includes key components such as risk identification, risk assessment, risk response and risk management strategy. The identified risks are evaluated and managed by either avoidance, transfer, mitigation or retention. The risks of the Company are broadly classified into categories namely Reputation Risk, People Risk, Regulatory Risk, Operational Risk, Investment Risk, Strategic Risk and Business Risk

The Company has in place an Operational Risk Management framework to manage risk that may arise from inadequate or failed internal processes, people, systems, or external events. To manage and control operational risk, we use various tools including self-assessments, operational risk event management and key risk indicator monitoring.

The Company recognizes that information is a critical business asset and accordingly, the Company has an information security and cyber security framework that ensures all information assets are safeguarded by establishing comprehensive management processes throughout the organization. The Company has an Information and Cyber Security framework in place with a Board approved policy on Information Security. The Policy has been designed to meet the business requirements of access to information, ensuring safe operations, protecting business data, safeguarding technology and achieving improved customer confidence within the overall framework of laws and regulations. The Company has implemented a comprehensive process of preventive controls, online monitoring and complementary audits as a part of its Information and Cyber Security framework.

The Company has implemented state of the art preventive and monitoring tools. The preventive tools include setting up of Firewalls, Intrusion Prevention System (IPS), system of VAPT testing of applications etc. This is supported by monitoring tools which helps in online monitoring and prevention of any cyber-attacks.

The prevention and monitoring process is further complemented by a system of periodic Vendor Audits and Information Security Risk Assessments audits. During the last year, there was a significant increase in adoption of digital technologies by the company and an increasing threat landscape of cyber risks. The Risk Management function played the dual role of Business enabler and also a watchdog for monitoring and eliminating cyber threats.

The Company is certified as ISO27001-2013 with respect to Information Security Management and Controls.

The Company's Investment function operates under the Investment Policy approved by the Investment Committee and the Board. Investment Policy (and investment SOP) helps in not only ensuring regulatory compliance but also provides the framework for management and mitigation of the risks associated with investments.

#### Business Continuity

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

Towards the end of last financial year, the unprecedented outbreak of Coronavirus (COVID-19) presented a unique challenge to all industries and companies. The Company proactively invoked 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, customers, partners, distributors, etc. within the overall regulatory requirements and guidelines.

To manage the impact of the Pandemic on the Company, a Crisis Management Team (CMT) comprising of Leadership Team members and led by the CEO of the Company was formed. The program was managed by the Head – Risk Management with the support of other Leadership Team members.

The Risk team coordinated with various Business functions to implement the Work from Home plan for employees to ensure Business Continuity and servicing of Customers without dilution of controls.

Employees' health and safety was accorded top priority. Various steps were taken well before the lockdown to reduce congestion in office, maintain social distancing and enabling work from home for the employees. Critical processes were identified, reviewed for work from home scenario and wherever required alternate set of controls were instituted. The work from home plan was tested well in advance and glitches ironed out. After announcement of lockdown, Work-from-Home (WFH) was fully enabled for all employees.

The Company has periodically updated the Risk Management Committee and Board on recent developments and taken their advice and guidance.

As the COVID-19 pandemic continues to evolve, the efforts of Risk Management will be to support an effective return to work while ensuring safety of employees and customers. The company expects the challenging times to continue for the next few months. However, it is well prepared to ensure stabilization and Business continuity.

The detailed Risk Management framework and Risk policies are given in **Annexure VI**

### **CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

During the financial year under review, all contracts / arrangements / 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 provision 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 Companies (Accounts of Companies) Rules, 2014, is not applicable.

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

The details of contracts and arrangements with related parties of your Company for the financial year under review, are given in note no. 30 to the Standalone Financial Statements, which forms part of this Annual Report. The Policy on Related Party Transactions, as approved by the Board, is available on your Company's website: [www.adityabirlasunlifemf.com](http://www.adityabirlasunlifemf.com)

### **INTERNAL FINANCIAL CONTROLS**

The Board of Directors confirms that the Company has laid down a set of standards, processes and structure which enables it to implement 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 has been observed for inefficiency or inadequacy of such controls.

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

### **INTERNAL AUDIT**

The Company has in place 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 controls 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. To provide for the independence of the internal audit function, the Head Internal Audit, functionally reports to the Audit Committee.

The audit plan is approved by the Audit Committee, which regularly reviews the compliance to the plan.

### **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, 2020, 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, 2020 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';
- v) the Directors had laid down Internal Financial Controls and that such Internal Financial Controls were adequate and were operating effectively; and
- vi) 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, 2020 the Board of Directors of your Company ("the Board") comprised of 11 (Eleven) Directors which included 1 (one) Managing Director & CEO, 4 (four) Non-Executive Directors and 6 (Six) Independent Directors including 1 (One) Woman Director. Your Directors on the Board possess the requisite experience, competency and are renowned in their respective fields. All Directors are liable to retire by rotation except Independent Directors.

In addition to being Chief Executive Officer, Mr. A Balasubramanian (DIN: 02928193) was appointed as a Managing Director of the Company for a term of 5 years with effect from July 25, 2019.

As per the provisions of the Companies Act 2013 and SEBI (Mutual Funds) Regulations, 1996 & SEBI Circular on Enhancing fund governance for Mutual Funds, the term of Mr. N N Jambusaria (DIN: 00055760), Mr. N C Singhal (DIN: 00004916), and Prof. R Vaidyanathan (DIN:00221577) as Independent Directors of the Company ended from the close of business hours on August 24, 2019.

Mr. Pankaj Razdan (DIN: 00061240) and Mr. Claude Accum (DIN: 07882135) resigned as Directors of the Company with effect from July 08, 2019 and February 24, 2020 respectively.

Mr. Bobby Parikh (DIN: 00019437) was re-appointed as an Independent Director with effect from August 25, 2019 to February 02, 2022 and Mr. Bharat Patel (DIN: 00060998) was re-appointed as an Independent Director with effect from August 25, 2019 to June 26, 2022.

Mr. Harish Engineer (DIN: 01843009) was appointed by the Board of Directors as Additional Non-Executive Independent Director for a term of 5 years with effect from June 21, 2019 and his appointment was regularised at the Annual General Meeting of the Company held on July 15, 2019.

Mr. Sushobhan Sarker (DIN: 00088276) and Mr. Navin Puri (DIN: 08493643) were appointed by the Board of Directors as Additional Non-Executive Independent Directors for a term of 5 years with effect from September 04, 2019 and their appointment was regularised at the Extra Ordinary General Meeting held on September 23, 2019.

### **RETIREMENT BY ROTATION**

As per the provisions of the Companies Act, 2013, Mr. Kumar Mangalam Birla (DIN: 00012813) and Mr. Colm Freyne (DIN: 07627357) retire from the Board by rotation this year and being eligible, offer themselves for re-appointment at the 26<sup>th</sup> Annual General Meeting of the Company.

A detailed profile of the Directors seeking re-appointment is provided in this report.

### **DECLARATION BY INDEPENDENT DIRECTORS**

Pursuant to Section 149(7) of the Act read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, the Company has received declarations from all the Independent Directors of the Company confirming that they meet the 'criteria of Independence' as prescribed under Section 149(6) of the Act and have submitted their respective declarations as required under Section 149(7) of the Act.

The Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019 effective from December 1, 2019 require the Independent Directors for inclusion of their name 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 has 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, the following employees were holding the position of Key Managerial Personnel ('KMP') of the Company:

Mr. A Balasubramanian - Managing Director & CEO,

Mr. Parag Joglekar, Chief Financial Officer (CFO),

Ms. Hemanti Wadhwa, Company Secretary (CS).



## **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 the Company, among others.

Pursuant to the provisions of the Act and in terms of the Framework of the Board Performance Evaluation, the Nomination and Remuneration Committee and the Board of Directors had carried out an annual performance evaluation of the performance of various Committees of the Board, individual Directors and the Chairman.

A formal evaluation mechanism has been adopted for evaluating the performance of the Board, Committees thereof, individual Directors and the Chairman of the Board. The evaluation is based on criteria which includes, among others, providing strategic perspective, chairmanship of Board and Committees, attendance and preparedness for the meetings, contribution at meetings, effective decision making ability, role of the Committees. The Independent Directors at their meeting held on March 6, 2020, had completed the performance evaluation exercise. The non-executive Directors and Managing Director & CEO too had completed the performance evaluation exercise and submitted their feedback. The outcome of the performance evaluation exercise was placed at the Nomination and Remuneration Committee and Board meeting

## **MEETINGS OF THE BOARD AND ITS COMMITTEES**

### **BOARD**

The Board meets at regular intervals to discuss and decide on the Company's performance and strategies. During the financial year under review, the Board met 6 (Six) times. The Meetings of the Board were held on April 26, 2019, June 21, 2019, July 25, 2019, October 23, 2019,

January 23, 2020 and March 06, 2020. Further details on the Board Meetings are provided in the Corporate Governance Report, which forms part of this Annual Report.

### **AUDIT COMMITTEE**

Your Company has constituted an Audit Committee with its composition, quorum, powers, roles and scope in line with the applicable provisions of the Act read with SEBI (Mutual Funds) Regulations, 1996.

During the financial year under review, the Audit Committee reviewed the internal controls put in place to ensure that the accounts of your Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control system of your Company. The Committee has also reviewed the procedures laid down by your Company for assessing and managing risks.

During the financial year under review, all recommendations made by the Audit Committee were accepted by the Board.

Further details on the Audit Committee are provided in the Corporate Governance Report, which forms part of this Annual Report.

### **NOMINATION AND REMUNERATION COMMITTEE**

Your Company has a duly constituted Nomination and Remuneration Committee, with its composition, quorum, powers, role and scope in line with the applicable provisions of the Companies Act.

Further details on the Nomination and Remuneration Committee are provided in the Corporate Governance Report, which forms part of this Annual Report.

The Nomination and Remuneration Committee has formulated a policy on remuneration under the provisions of Section 178(3) of the Act and the same is attached as **Annexure IV** of the Annual Report.

### **OTHER COMMITTEES**

The Board of Directors has also constituted the following Committees under the relevant provisions of the Companies Act, 2013 read with SEBI (Mutual Funds) Regulations, 1996 and various circulars, notifications issued by SEBI from time to time:

1. Corporate Social Responsibility Committee
2. Products Committee
3. Risk Management Committee
4. Investment Committee (Mutual Fund)
5. Investment Committee (Alternate Asset)

Details of all the other Committees of the Board are provided in the Corporate Governance Report, which forms part of this Annual Report.

## EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, the extract of annual return for the financial year ended March 31, 2020 in Form MGT-9 under the provisions of Section 92(3) of the Act has been attached as **Annexure VIII** to this report and uploaded on the website of the Company at [www.adityabirlasunlifemf.com](http://www.adityabirlasunlifemf.com)

## AUDITORS

### STATUTORY AUDITORS, THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS

M/s. S R Batliboi & Co, LLP, Chartered Accountants (SRB), (Firm Registration No. 301003E/E300005) were appointed as Statutory Auditors of the Company from the conclusion of Twenty Fifth AGM till the conclusion of Thirtieth AGM to be held in the year 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 Audit Committee/ Board of Directors any incidents of fraud during the financial year under review.

### SECRETARIAL AUDITORS

Pursuant to the requirements of Section 204(1) of the Act read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Messrs. Makarand M Joshi & Co, 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 Messrs. Makarand M Joshi & Co, Company Secretaries is attached as **Annexure IX** to this 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.

### CORPORATE SOCIAL RESPONSIBILITY

In accordance with Section 135 of the Act, your Company has a Corporate Social Responsibility (CSR) Committee. The CSR Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy ("CSR Policy") indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy is available on the Company's website at [www.adityabirlasunlifemf.com](http://www.adityabirlasunlifemf.com)

As a part of its initiatives under CSR, the Company has undertaken projects in the areas of Health, Education, Livelihood and Rural Development. These projects are also in line with the statutory requirements under the Companies Act, 2013 and its CSR Policy. During FY2019-20 the Company has spent/contributed ₹ 8,68,68,823/- towards CSR projects in comparison as against ₹ 6,99,09,993/- spent/contributed in FY2018-19.

The required disclosure as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules 2014 is attached as **Annexure VII** to this report.

Further details on the CSR Committee are provided in the Corporate Governance Report, which forms part of this Annual Report.

### 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 vigil mechanism for Directors and Employees to report concerns, details of which are covered in the Corporate Governance Report, which forms part of this Annual Report. The Whistle Blower Policy is available on the Company's website at [www.adityabirlasunlifemf.com](http://www.adityabirlasunlifemf.com)

### POLICY ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Your Company has in place an appropriate 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. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the financial year under review, there were no complaints which were filed, disposed or pending under this policy.

We confirm that the Company has complied with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## HUMAN RESOURCES

During the financial year under review, your Company continued its journey of developing the human resources of the firm along with the objectives of increasing employee productivity and engagement with the firm. Over the last one year, the Human Resource team has contributed significantly in reducing attrition and improving productivity and supporting the business in identifying and grooming leaders across of the Company. With an unswerving focus on nurturing and retaining talent, your Company provides avenues for learning and development through functional, behavioural and leadership training programs as well as on the job training to enable employees to constantly upgrade their skills. The Human Resources function over the last one year also has travelled a significant distance in digitization of all employee facing processes and now all human resource processes are available to employees on their handphones. This has ensured significant ease of access for the individual employee as well as helped the Human Resource function to deliver its services to the employees in a faster and more efficient manner.

The Company's total workforce stood at 1082 as on March 31, 2020 against 1054 as on March 31, 2019.

## SECRETARIAL STANDARDS OF ICSI

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).

## AWARDS AND CERTIFICATIONS

During the financial year under review, your Company has been felicitated with awards and recognitions across various functional areas. The details of these awards are disclosed in the Management Discussion and Analysis Report which forms part of Annual Report.

## OTHER DISCLOSURES

In terms of applicable provisions of the Act, your Company discloses that during the financial year under review that:

1. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except under Employee Stock Option Scheme referred to in this Report.
2. 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.
3. There was no public issue, rights issue, bonus issue or preferential issue, etc. during the year under review.
4. There was no issue of shares with differential rights.
5. There was no transfer of share of the Company.
6. There was no transfer of un-paid or unclaimed amount to Investor Education and Protection Fund (IEPF).
7. There were no significant or material orders passed by the Regulators or Hon'ble Courts or Tribunals which impact the going concern status and Company's operations in future.
8. There were no proceeding for Corporate Insolvency Resolution Process initiated Under the Insolvency and Bankruptcy Code, 2016
9. There was no failure to implement any Corporate Action

## ACKNOWLEDGEMENT

Your Board places on record its heartfelt appreciation of the dedicated efforts put in by the employees at all levels. The results of the year are testimony to their hard work and commitment.

Your Board takes this opportunity to express sincere thanks to its valued customers for their continued patronage.

Your Board would like to thank the Aditya Birla Group and Sun Life Financial Inc., for their constant support, guidance and co-operation.

Your Board would also like to express sincere appreciation for the continued support, guidance and assistance from the Trustees of Aditya Birla Sun Life Mutual Fund, Securities and Exchange Board of India, Reserve Bank of India, Financial Intelligence Unit (FIU-IND), Association of Mutual Funds in India (AMFI), Stock Exchanges, Depositories, Clearing Corporations, Depository Participants, Custodians, Bankers, Registrars & Transfer Agents, Distributors & Agents, business associates and other service providers who have always supported and helped the Company to achieve its objectives.

**For and on behalf of the Board of Directors  
Aditya Birla Sun Life AMC Limited**

**Ajay Srinivasan**  
Director  
(DIN: 00121181)

**A Balasubramanian**  
Managing Director & CEO  
(DIN: 02928193)

**Date :** May 18, 2020

**Place:** Mumbai

**ANNEXURE I**

Particulars pursuant to the provisions of Section 134 (3) (m) of the Act, read with the Rule 8 (3) of the Companies (Accounts) Rules, 2014, are furnished hereunder:

<b>A. CONSERVATION OF ENERGY</b>	
(i) the steps taken or impact on conservation of energy;	None
(ii) the steps taken by the company for utilising alternate sources of energy;	None
(iii) the capital investment on energy conservation equipments;	None
<b>B. TECHNOLOGY ABSORPTION</b>	
(i) The efforts made towards technology absorption	<p><b>1. New Investment Platform</b> A new state of the art investment platform from Bloomberg has been implemented. This includes a Front office system, integrated with a mid-office/back office system. This enables straight through processing of trades directly from dealers to exchange reducing turnaround time. The platform also provides real time feeds, enhanced security and audit standards. A single screen view is available for dealers improving their efficiency.</p> <p><b>2. E-scan:</b> This is an industry first initiative, where applications and forms received at branches are scanned and sent directly for processing to the Registrar &amp; Share Transfer Agent (RTA). eScan eliminates the need of manual data entry at branches. This has been implemented at 33 branches, resulting in a 25% improvement in efficiency and productivity of branch operation users. This has reduced the time of process due to manual entries from 4 hours to 2 hours resulting in improved customer experience.</p> <p><b>3. Investor Portal:</b> A new Investor portal (Post Login website) has been implemented giving a whole new experience for users of the portal. Investors can carry out all transactions and requests on the portal. An analytics driven intuitive dashboard s based next best product offer enables investors to select products based on their profile and a cart feature has been enabled for the investor to purchase multiple products at one go. This is a completely in-house development using state of the art technologies using SCRUM methodologies.</p> <p><b>4. Application Virtualization – Virtual Desktop Infrastructure (VDI):</b> VDI infrastructure using Citrix was implemented with 500 users being migrated to this infrastructure. This brought in additional security and enabled running heavy applications on much lower bandwidth resulting in saving of bandwidth costs. This also facilitated quick branch rollouts, centralized data storage and enabled work from anywhere.</p> <p><b>5. WhatsApp for Investors:</b> Previously, self service facilities for investors on Whatsapp were launched, through which investors could get instant services using Whatsapp. Incrementally this year, a new feature has been launched to enable investors to carry out investments on Whatsapp, both lumpsum and Systematic Investment Plan (SIP), becoming the first in industry to facilitate investors to transact using Whatsapp.</p> <p><b>6. Robotic Process Automation (RPA) initiatives:</b> With continued focus on automating business processes and bringing in efficiencies, various RPA initiatives were previously implemented. Incrementally, 12 new RPA initiatives were implemented to automate manual work performed by various business functions such as Cash Flow Automation, Redemption Payout and Brokerage Reconciliation. This resulted in improvement in process efficiency and elimination of manual efforts resulting in accuracy of ~100%.</p>

	<p><b>7. Email BOT for customers and Partner Priority Desk (PPD) desk:</b> Partner priority desks assist and support our partners with their various service requests. An automated Artificial Intelligence based email BOT was extended to PPD desks enabling auto responding any email requests. The email BOT was integrated with our Customer Relationship Management (CRM) System to ensure seamless customer experience.</p> <p><b>8. Application performance and log monitoring</b> To ensure reliability and uptime of our systems, a real time application performance monitoring and a log monitoring solution using Splunk was implemented and extended to monitoring of all key systems. This helped with faster detection, troubleshooting and resolution of any applications having slow performance.</p> <p><b>9. Video eKYC</b> With the current COVID Lockdown, all physical modes of submitting Know Your Customer (KYC) applications has come to a standstill. With our already available Video eKYC solution, we have been able to circumvent this challenge. Our Video eKYC is seeing a rapid increase in usage on a daily basis. Investors can complete and submit their KYC application from the safety and security of their homes. With zero paperwork, the customer experience has been greatly enhanced. We have been able to lower the cost of onboarding by 65% and reduce digital fraud by 75%. This entire process is 100% compliant with SEBI regulations.</p> <p><b>10. eOTM (e-One Time Mandate)</b> A seamless registration process implemented for registration of electronic mandates, enabling one click transactions for customers. The pain point faced by the customer in traditional approach is to remember User ID &amp; Password of multiple banks for Net banking &amp; carry Debit card for transactions. This implementation has improved the Customer's experience by leaps and bounds. With one click customers are able to Purchase Lump sums and SIP's.</p> <p><b>11. Addition of Bank details</b> In one of the industry first initiatives, investors can add upto 5 banks in their existing folio, digitally. This has provided a lot of flexibility and convenience to investors in doing transactions with the comfort and safety of their homes. The entire process is digital with zero paperwork.</p>
(ii) The benefits derived as a result of the above efforts (e.g. Product improvements, cost reduction, product development, import substitution, etc.)	<p>New initiatives in technology such as investor portal, transactions on Whatsapp, lead conversion on email BOT has resulted in business generation worth approx. ₹ 2,181 Crore.</p> <p>RPA and Application Performance Monitoring (APM) tools have saved 1022 man days of effort and improved process efficiency by 60%.</p> <p>Implementation of VDI has resulted in "Zero" downtime – uninterrupted business continuity, Cost efficiency by 40% by replacing existing machines with cheaper thin client and a 50% reduction in power consumption.</p> <p>Implementation of Bloomberg, VDI and similar systems were instrumental technology pillars in enabling work from home during the COVID-19 pandemic.</p>
(iii) Particulars of imported technology in the last three years (reckoned from beginning of the financial year)	None
a) Details of technology imported	None
b) Year of import	None
c) Has technology been fully absorbed	None
d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	None
(iv) the expenditure incurred on Research and Development.	None

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Economic Environment: FY 2020 & FY 2021**

#### **FY 2020 – Pre pandemic**

The fiscal year 2020 was marked by recovering growth, supported primarily by private consumption and Government consumption. Gross fixed capital formation however was a cause for concern as contraction was observed in Q2-FY20 and Q3-FY20. Real Gross Domestic Product (GDP) growth for Q1-FY20 was at 5.6%, Q2-FY20 at 5.1% and Q3-FY20 at 4.7%. Government consumption expenditure increased to double digits in Q2 and Q3-FY20 also as private consumption picked up in Q3 led by festive demand. However, contraction in investment rate measured by gross fixed capital formation for 2 consecutive quarters caused disappointment. It had contracted by (-)4.1% in Q2FY20 and (-)5.2% in Q3-FY20.

Agricultural growth improved from 2.8% in Q1-FY20 to 3.5% in Q3-FY20. Services growth also was near 7% in all three quarters. Within services, government spending support aided as spend on public administration, defense and other services were in momentum progressively through the quarters. Industrial activity however declined towards 0.1% growth in Q3-FY20 from 0.8% in Q2-FY20 and 3.8% in Q1-FY20. Manufacturing and electricity segments showed contraction as well as construction activity led by slump in real estate sector, the impetus declined progressively over the quarters.

A bit of talk on the Index of Industrial Production (IIP) numbers as these were largely in positive territory from April 2019 till Feb 2020 prints. IIP data is released with a lag of one month. Barring August, September and October 2019 IIP was marching along at a positive clip. Consumer Price Index (CPI) although marched upwards from 2.99% in April 2019 towards 7.59% in Jan 2020 forward expectations of lower numbers kept an anchor. Transitory food items inflation was largely responsible for the hike as core inflation continued downward trajectory from 4.6% towards 4% and lower.

#### **FY 2020 – Post pandemic**

India had imposed lockdown from March 23, 2020. The fiscal year was about to end but concerns for safety of citizens took centerstage. Data collection for items in CPI basket was suspended from March 19, 2020 as post lockdown mobility suffered. March CPI number was released with some assessments at 5.91% revised 5.84%. April CPI number was not released due to data collection challenges, though in the food basket prices pressures were visible through the limited data release. Devil was hiding in March IIP numbers though which plunged to (-)16.7% far exceeding all estimates. Sharp fall in manufacturing momentum led by motor vehicles, electronics, computer products, chemicals. Not a single sector registered positive manufacturing growth in March even though lockdown had been imposed only from March 23, 2020. Electricity growth contracted while mining growth registered flat.

Given above scenario GDP growth for FY2020 will likely be revised downwards from earlier estimates of 5%.

#### **FY 2021 – Way forward and Outlook**

Real GDP growth estimates for FY2021 are being estimated in negative numbers due to the 45 day lockdown. It could range from (-)2% to (-)4%. Large part of non-farm activity hubs are in the hotspots and social distancing measures will prolong industrial downtick. Labor availability and could also pose a challenge. Consumption and investment demand was weak going into the pandemic hence immediate recovery could see a challenge.

As consumption is slower and fuel prices on the lower side CPI inflation poses little threat in the current environment. Structural factors and current transient ones will keep inflation under check. Reserve Bank of India (RBI) has delivered a series of rate cuts and now reverse repo rate stands at 3.75% while repo rate at 4.40%. Liquidity in the system is ample and support of RBI is visible to financial markets. Interest rates in the current environment are likely to remain on the softer side. Although market borrowing has been increased by ₹ 4.2 trillion for FY2021, market remains hopeful of RBI support moving forward. We expect 10 year G-sec yield to remain in a range of 5.90%-6.30% in the near term and drift lower over medium term.

### **Mutual Fund Industry Overview**

India's mutual fund industry comprises around 41 asset management companies. The dominance of Top 5 asset management companies continues with these companies, comprising about 58% of industry's Average Assets Under Management for the FY19-20. (Source: Association of Mutual Funds in India, www.amfiindia.com).

In the current year, the industry witnessed a 10% growth in Annual average AUM (AAUM). AAUM grew from ₹ 23,92,825 Crore in the year ended March 2019 to ₹ 26,23,156 Crore in the year ended March 2020.

The Industry's Equity Assets grew by about 10% from ₹ 9,95,132 Crore in the year ended March 2019 to ₹ 10,97,413 Crore in the year ended March 2020. The share of equity AAUM in total industry AAUM touched 42%. SIP inflows and account addition continued to be encouraging. In March 2020, SIP inflows stood at ₹ 8,641 crore



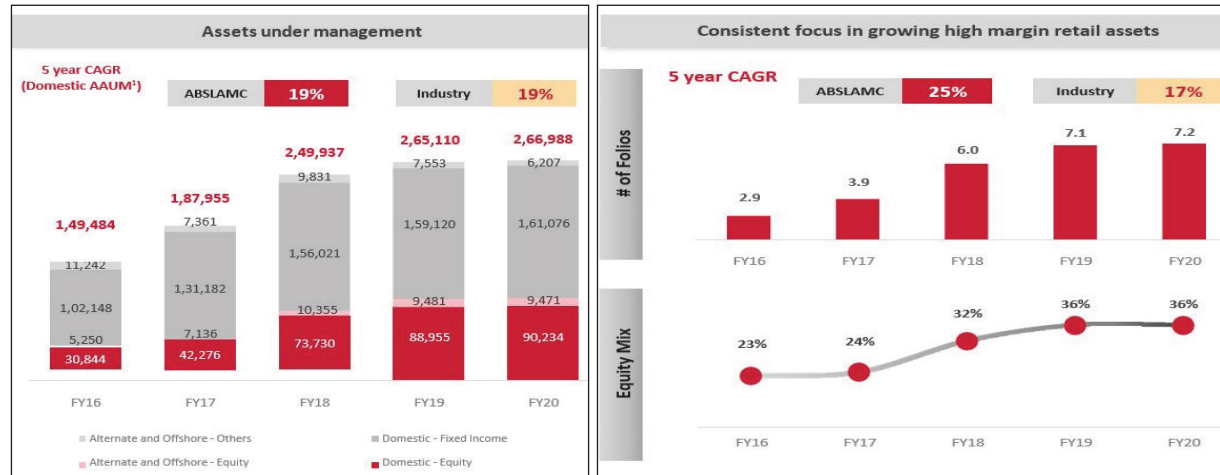
against ₹ 8,055 crore in March 2019. The number of outstanding SIP accounts stood at 312 lacs for March 2020 against 262 lacs for March 2019.

B30 AAUM for March 2020 is ₹ 3,84,959 Crore as against ₹ 3,79,562 Crore for March 2019. Similarly, T30 AAUM for March 2020 is ₹ 20,85,923 Crore as against ₹ 20,78,454 Crore for March 2019.

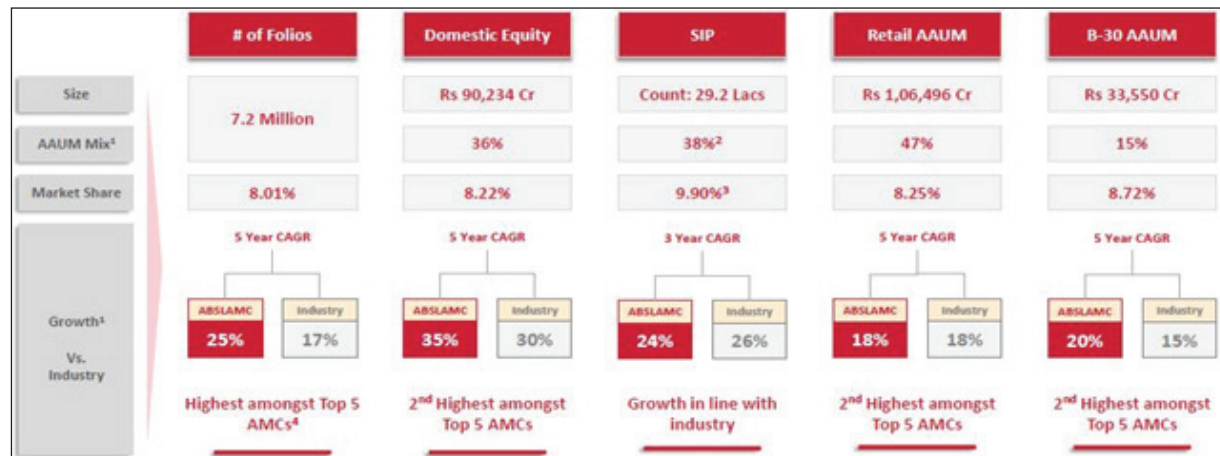
### Performance Review

Aditya Birla Sun Life AMC Limited (ABSLAMC) has completed successful 25 years of investing in the Indian capital markets.

The Domestic AAUM of ABSLAMC expanded by 19% 5 years CAGR to ₹ 2,51,310 Crore in line with industry growth. ABSLAMC has grown faster than industry for equity AAUM with 5 years CAGR at 25% vs. 17% for industry. ABSLAMC continued to focus in growing high margin retail assets. The Equity AAUM consisted 36% of total domestic AAUM in FY20 against 23% in FY16.



ABSLAMC had a strong growth across retail category. The total number of folios stood at 7.2 million as on March 2020. The total number of folios grew at a 5 year CAGR of 25%, much ahead of the industry CAGR of 17% as on March 2019, which is also the highest amongst the top 5 AMCs. The domestic equity Annual AAUM at ₹ 90,234 has grown at 5 year CAGR of 35% vs. industry at 30%. The growth in equity AAUM over last 5 year was 2nd highest among Top 5 AMCs in India. Our Retail AAUM stood at ₹ 1,06,496 Crore for the month of March-20. The SIP book size growth was in line with industry with a 3 year CAGR of 24% and contributing to 38% of domestic equity assets. The SIP Book Size market share stood at 9.90% as on March-20. The contribution from beyond top 30 cities (B30 cities) was ₹ 33,550 Crore for March-20, which grew at a 5 year CAGR of 20% vs. industry at 15%.



<sup>1</sup> Domestic Equity AAUM Mix basis annual average. Others basis Monthly Average

<sup>2</sup> SIP share of Domestic Equity

<sup>3</sup> Market share basis SIP Book Size

<sup>4</sup> As of FY19, Mar'20 peer numbers not yet disclosed

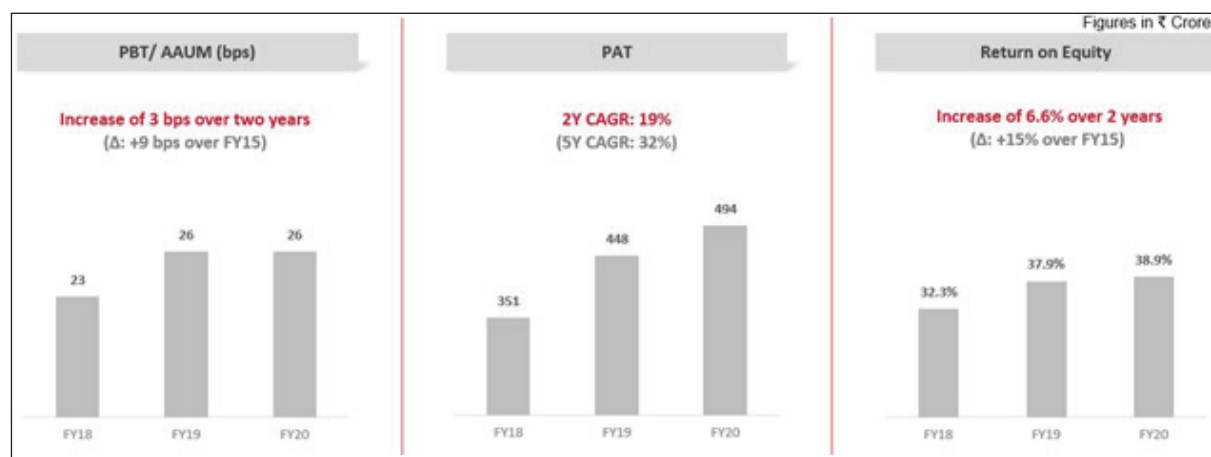
ABSLAMC continued to focus on balance distribution mix with IFAs having greater share in Equity sourcing mix. ABSLAMC has strengthened its distribution mix with presence across 310 locations with more than 75% of locations in B-30 cities. ABSLAMC has tie ups with 88 banks. It has empanelled over 80,000 IFAs and over 230 national distributors and growing partnerships with large digital ecosystem.

The next big cusp of growth in the industry will come from digital. Leveraging technology and building business would be key for AMC's to grow to the next level. Currently, ABSLAMC has many digital assets including mobile apps, customer website and Partner Portal among many others. Our digital transactions share in the overall transactions pie has increased to 77% in FY20 against 69% in the previous year.

ABSLAMC continues to improve profitability over time. It reported PBT/AUM at 26 bps in FY20 which has increased by 9 bps over last 5 years. The profit after tax grew at a 5 year CAGR of 32% to ₹ 494 Crore. ABSLAMC delivered return on equity at 38.9% in FY20, an increase of over 15% from FY15.

Our Investor Education team has contributed in serving the nation by increasing financial literacy across India. In the last year, we have done around 861 outreach events, educating more than 62,560 people. Our other initiatives like Samridhhi, 5 Lakh readership, Investor Hangout connected to over 2.5 lakh people. In the last year we have done around 418 distributor training events reaching around 20,331 distributor participants. This has largely aided our focused effort on customer and market expansion.

This financial year we launched Aditya Birla Sun Life Pharma & Healthcare Fund and Aditya Birla Sun Life PSU Equity Fund which has seen success not only through asset collection but also through customer acquisition.



An increase in awareness in general but more particularly across smaller cities in the country ensures that retail expansion will continue to be strong. ABSLAMC will continue to focus on increasing higher margin AUM and expanding investor base. Growing contribution from beyond top 30 markets will remain a focus area, besides strengthening digital presence to help connect better with customers and distribution.

## KEY FINANCIALS

	(in ₹ crores)	
Aditya Birla Sun Life AMC Limited	FY2020	FY2019
<b>Average Assets under Management</b>		
Equity	90,234	88,955
Debt and Liquid	1,61,076	1,59,120
<b>Domestic#</b>	<b>2,51,310</b>	<b>2,48,075</b>
Alternate and Offshore – Equity	9,471	9,481
Alternate and Offshore – Others	6,207	7,553
<b>Total</b>	<b>2,66,988</b>	<b>2,65,109</b>
Revenue	1235	1,407
Profit before tax**	661	647
Profit after tax**	494	448

\*\*Profitability numbers are IND AS

### **Impact of Covid-19**

As a result of Covid-19, we expect Interest rates to remain low, while liquidity in the economy is expected to be ample on account of the RBI policies and government stimulus, to help businesses and to boost the economy. Lower Global Interest Rates & Higher Liquidity can bring more capital to India. Inflation is expected to remain low and stable on account of subdued demand but is susceptible to a rise in oil and food price. This can help in reviving the consumer demand and thus improving the sentiment towards capital market in both debt and equity. However, given the moratorium granted by RBI announcement, we need to watch credit markets closely.

India's Manufacturing activity seems to have bottomed out. Manufacturing activity will resume more quickly as people return to work. This is further incentivized by the 15 % corporate tax for new units that start operations.

As a result of Business Continuity Planning, we actively engaged with investors and reached out to distributors across channels. The Service to Sales model was initiated across entire branch customer service platform and all digital assets were operational with more than 99%+ up time.

The Company was able to complete ~ 1 million digital transactions during the lockdown. 95% of the transactions were serviced digitally between April 2020 and May 2020. More than 70% of branches are now operational. Further during the said period, the SIP market share increased from 9.9% in the month of March 2020 to 10.1% in the month of April 2020. The digital transactions increased from 0.75 million from the month of May 2019 to 0.94 million in May 2020.

Given the current volatile economic situation, we are handholding and servicing Investors and Distributors through all modes of Digitization and providing them with right & timely communication. Self-help videos have been created to explain the features and provide walkthroughs for the digital assets so that customers can have a seamless investing experience. We are adopting digital as a way of life across the organization in order to become efficient and agile. There has been a continuous investment in the digital assets to ensure it is up to date with the latest features to offer a seamless transaction experience. Some of the features introduced are video KYC, Application Program Interfaces (APIs) for instant purchase and redemption, cart feature, chatbot, dropcart, etc. We have collaborated as Partner of Choice for a few large new age digital financial platforms. We are also working on a platform for Institutional clients for quick and real time on-boarding, allowing for aTPIN based transaction in current platform and are exploring a paperless KYC process. We also continue to grow our physical footprints with the ultimate aim of being present in all the 543 Member of Parliament Locations.

We continue to focus on building our core products in both equity & fixed income. Post the credit defaults in fixed income credit, reemphasis is on building portfolio with the right credit quality under the concept of safety, liquidity & return.

We are focusing on our fund portfolios to ensure enough liquidity while also improving the quality of portfolios to conserve our resources and ensure cash flows. In the current uncertain environment, our organizational focus is on improving our productivity and improving our operational processes which help release bandwidth of our resources. We are also engaging with our vendors for improving cost efficiencies. We are working on improving mix of profitable products and provide the best possible investment experience for our investors & distributors.

### **Awards and Certifications**

The Fund House, the CEO, the Investor Education Team, the Fund Managers and the schemes of Aditya Birla Sun Life Mutual Fund have received various awards and recognition during the year under review of which the following are noteworthy:

➤ **Asia Asset Management 2020 Best of the Best Awards**

- CEO of the Year to Mr. A Balasubramanian
- Best Fund House for Investor Education

➤ **Outlook Money Awards 2019**

- Equity AMC of the Year – Gold Award Winner
- Best Fund House for Investor Education

➤ **Aditya Birla Sun Life AMC Limited loyalty and rewards program 'Privilege Club' bagged awards in three categories at the 13th Customer Fest Awards.**

- Best Channel Loyalty Program
- Best Loyalty Program in Financial Sector (Non-Banking)
- Best Loyalty Program in B2B sector

➤ **Recognition as 'Best Fund Managers 2020' for Mr. Anil Shah by Outlook Business**

➤ **2019 Thomson Reuters Lipper Awards - MENA Markets**

**Category:** Best Fund over 5 years and 10 years, Bond Indian Rupee

- **Fund:** ABSL Dynamic Bond-Retail-Growth

**Category:** Best Fund over 3 years, Equity India

- **Fund:** ABSL India GenNext Fund-Growth

**Category:** Best Fund over 5 years, Equity Sector Financials

- **Fund:** ABSL Banking & Financial Services – Growth

**CAUTIONARY STATEMENT**

Statements in the Board's Report and the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Your Company is not obliged to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development information or events or otherwise.

**ANNEXURE III**

**CORPORATE GOVERNANCE REPORT**

**Philosophy of Corporate Governance**

Aditya Birla Sun Life AMC Limited is committed to the adoption of best practices of Corporate Governance and its adherence in true spirit at all times. The Company's governance practices are a product of self-desire, reflecting the culture of trusteeship that is deeply ingrained in our value system and reflected in the strategic thought process. At a macro level, the governance philosophy rests on five basic tenets, viz., Board accountability to the Company and shareholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all shareholders as well as superior transparency and timely disclosures.

The Corporate Governance framework of the Company is based on an effective and independent Board, separation of the Board's supervisory role from the Executive Management team and constitution of the Board Committees, as required under applicable laws.

The Board functions either as a full Board or through various Committees constituted to oversee specific functions. The Executive Management provides your Board detailed reports on the Company's performance periodically.

The Company continuously strives to achieve excellence in Corporate Governance through its values - Integrity, Commitment, Passion, Seamlessness and Speed.

**Reporting under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR)**

The Company is an unlisted public company and hence the provisions of SEBI LODR are not applicable to the Company.

**I. Board of Directors ("Board")**

The Directors are elected by shareholders of the Company with a responsibility to set strategic objectives for the management and to ensure that the long-term interests of all stakeholders are served by adhering to and enforcing the principles of sound corporate governance.

The Board Members have diverse areas of knowledge and expertise, which is necessary in providing an independent and objective view on business issues and assess them from the standpoint of the stakeholders of the Company. The Board is independent of the management.

**(a) Composition of the Board**

The Board comprises of eleven Directors as on date, of which six are Independent Directors.

**(b) Details of Directors**

The composition of our Board, as on date is given in the table below:

<b>Sr. No.</b>	<b>Name of Director</b>	<b>DIN No.</b>	<b>Designation</b>
1.	Mr. Kumar Mangalam Birla	00012813	Chairman, Non – Executive/ Associate Director
2.	Mr. Ajay Srinivasan	00121181	Non - Executive/ Associate Director
3.	Mr. Sandeep Asthana	00401858	Non – Executive/ Associate Director
4.	Mr. A Balasubramanian	02928193	Managing Director & CEO(Appointed with effect from July 25, 2019)
5.	Mr. Colm Freyne	07627357	Non – Executive/ Associate Director
6.	Mr. Bobby Parikh	00019437	Independent Director
7.	Mr. Bharat Patel	00060998	Independent Director
8.	Ms. Alka Bharucha	00114067	Independent Director
9.	Mr. Harish Engineer	01843009	Independent Director(Appointed with effect from June 21, 2019)
10.	Mr. Sushobhan Sarker	00088276	Independent Director (Appointed with effect from September 04, 2019)
11.	Mr. Navin Puri	08493643	Independent Director (Appointed with effect from September 04, 2019)

**(c) Non-Executive Directors' compensation and disclosures**

The details of sitting fees paid to these Independent Directors during the FY 2019 - 2020 are given in the table below:

(Amount in ₹)

Name of the Director	Sitting Fees for the Board Meetings	Sitting Fees for the Audit Committee Meetings	Sitting Fees for the Product Committee Meetings	Sitting Fees for the Risk Management Committee Meetings	Sitting Fees for the Corporate Social Responsibility Committee Meetings	Sitting fees for Nomination & Remuneration Committee Meetings	Sitting fees for Independent Directors Meetings	Total
Mr. N N Jambusaria	1,50,000	75,000	20,000	-	-	-	-	2,45,000
Prof. R Vaidyanathan	1,50,000	75,000	-	40,000	-	20,000	-	2,85,000
Mr. N C Singhal	1,50,000	-	20,000	-	-	20,000	-	1,90,000
Mr. Bobby Parikh	1,50,000	50,000	-	20,000	-	-	20,000	2,40,000
Mr. Bharat Patel	3,00,000	50,000	-	-	-	20,000	20,000	3,90,000
Ms. Alka Bharucha	2,00,000	-	-	-	40,000	-	20,000	2,60,000
Mr. Harish Engineer	2,00,000	-	20,000	-	-	20,000	20,000	2,60,000
Mr. Navin Puri	1,00,000	-	40,000	-	-	-	20,000	1,60,000
Mr. Sushobhan Sarker	1,50,000	50,000	-	40,000	-	-	20,000	2,60,000
<b>Total</b>								<b>22,90,000</b>

**(d) Board Meetings**

**Agenda and Minutes**

The Company Secretary receives details on the matters which require the approval of the Board and/ or its Committees, from various departments of the Company within the stipulated timeframe, so that they can be included in the Board/ Board Committee meeting agenda. All material information is incorporated, in detail, in the agenda papers for facilitating meaningful and focused discussions at the meetings.

In compliance of the statutory requirements, the following are the typical agenda items at the Board meetings on which the Directors are furnished details / presentations:

- Minutes of meetings of previous Board and committee meetings;
- Action taken report on the implementation of decisions taken at the last Board meeting;
- Quarterly/ Annual financial results of the Company along with related party transactions;
- Half yearly unaudited/ annual audited scheme financials of the Schemes of Aditya Birla Sun Life Mutual Fund;
- Presentation on the financial results which generally includes the financials for the quarter and its analysis, profitability drivers, yearly plan vs. actual, investment performance of Mutual Fund & Alternate Assets;
- Annual operating plans and quarterly variance analysis;
- Compliance certificate by the functional heads;
- Any material default in financial obligations to and by the Company;
- Show cause, demand, prosecution and penalty notices which are materially important or involve possible public or product liability claims of substantial nature;
- Other statutory agenda.

The approved minutes of the proceedings of each previous Board / Committee meeting is circulated along with the agenda. The Board also takes note of Minutes of Committee meetings at every Board meeting.

**Board Meetings and attendance of Directors**

As a good practice a yearly meeting calendar is prepared and circulated to all the Directors in advance so that they can adequately plan their schedule. This ensures presence of maximum Directors at each meeting.



During the FY 2019-20, the Board of Directors met six times on the following dates:

1. April 26, 2019
2. June 21, 2019
3. July 25, 2019
4. October 23, 2019
5. January 23, 2020
6. March 06, 2020

The attendance of the Directors at the above Board meetings:

Name of Directors	No. of Board meetings held and attended during the FY 2019-20	
	Held	Attended
Mr. Kumar Mangalam Birla	06	02
Mr. Ajay Srinivasan	06	06
Mr. Pankaj Razdan*	06	01
Mr. Sandeep Asthana	06	06
Mr. Colm Freyne	06	03
Mr. Claude Accum*	06	03
Mr. N. N. Jambusaria*	06	03
Mr. Bobby Parikh	06	03
Prof. R. Vaidyanathan*	06	03
Mr. N. C. Singhal*	06	03
Mr. Bharat Patel	06	06
Ms. Alka Bharucha	06	04
Mr. A Balasubramanian*	06	04
Mr. Harish Engineer*	06	04
Mr. Sushobhan Sarker*	06	03
Mr. Navin Puri*	06	02

\* Mr. Pankaj Razdan and Mr. Claude Accum, resigned as Directors of the Company effective July 08, 2019 and February 24, 2020 respectively.

Mr. N. N. Jambusaria, Prof. R. Vaidyanathan and Mr. N.C. Singhal ceased to be the Directors of the Company due to end of their term on August 24, 2019.

Mr. Harish Engineer was appointed as Independent Director effective June 21, 2019 and Mr. Sushobhan Sarker & Mr. Navin Puri were appointed as Independent Directors effective September 04, 2019.

Mr. A Balasubramanian was appointed as Managing Director effective July 25, 2019.

**(e) Code of Conduct**

In terms of section 149(8) and Schedule IV of the Companies Act, 2013, the Company has framed the Code of Conduct for the Board Members (including Independent Directors).

The salient features of the said Code of Conduct are as under:

- Directors' responsibility of observing the highest standards of ethical conduct and integrity and working to the best of their ability and judgment.
- The Duties of the Directors mentioned in Section 166 of the Companies Act, 2013.
- The 'Code for Independent Directors' as specified in Schedule IV of the Companies Act, 2013 and the rules made thereunder.

## II. Audit Committee

The Audit Committee of the Company is primarily responsible for reviewing the internal control systems and financial operating systems of the Company, accounting policies and audit reports, and reporting to the Board of Directors on significant results of the foregoing activities. The Committee also serves the Board of Directors by providing qualitative inputs to financial statements and brings in a degree of financial expertise. The Audit Committee scrutinizes the quarterly /half yearly/ yearly unaudited / audited financial statements of the company as well as half yearly unaudited and annual audited scheme financials of Aditya Birla Sun Life Mutual Fund and yearly financials of Alternate Investment Funds (AIF) and satisfies itself with the accuracy and correctness of these financials.

In addition, the Audit Committee also reviews, the Internal Audit Reports and appointment, removal and terms of remuneration of the Statutory Auditors, Internal Auditors, Secretarial Auditor, Scheme(s) Auditors and other auditors as per the regulatory requirement.

### (a) Composition of Audit Committee

The Audit Committee was reconstituted on October 03, 2019. The current composition of the Audit Committee is as under:-

Sr. No.	Name of the Committee Member*	Chairman/ Members
1	Mr. Bobby Parikh	Chairman
2	Mr. Ajay Srinivasan	Member
3	Mr. Sandeep Asthana	Member
4	Mr. Bharat Patel	Member
5	Mr. Sushobhan Sarker	Member

\* Mr. N. N. Jambusaria, Chairman and Prof. R. Vaidyanathan, Member of the Audit Committee ceased to be the Directors of the Company due to end of their term on August 24, 2019.

Mr. Bharat Patel and Mr. Sushobhan Sarker were appointed as Members of the Audit Committee on October 03, 2019. Mr. Bobby Parikh was appointed as Chairman of the Audit Committee on October 03, 2019

All Members of the Audit Committee are financially literate and have the necessary accounting and related financial management expertise.

The Managing Director & CEO, the Chief Operations Officer, the Chief Financial Officer, the Compliance Officer/ Company Secretary, Head- Risk Management, the Internal Auditors and the Statutory Auditors of the Company are invited for each Audit Committee Meeting of the Company.

The Company Secretary acts as the Secretary to the Committee.

### (b) Meetings of Audit Committee and attendance of Audit Committee Members

During the FY 2019-20, the Audit Committee met five times on the following dates:

1. April 26, 2019
2. June 21, 2019
3. July 25, 2019
4. October 23, 2019
5. January 23, 2020

The attendance of the Audit Committee Members at the Audit Committee Meetings held during the F.Y. 2019-20 is given in the table below:

Name of the Audit Committee Member*	No. of Audit Committee meetings held and attended during the FY 2019-20 held and attended during the FY 2019-20	
	Held	Attended
Mr. N.N. Jambusaria	05	03
Mr. Ajay Srinivasan	05	05
Mr. Sandeep Asthana	05	05
Mr. Bobby Parikh	05	02
Prof. R Vaidyanathan	05	03
Mr. Bharat Patel	05	02
Mr. Sushobhan Sarker	05	02

\* The change in constitution of the Audit Committee during the year is mentioned above.

### III. Risk Management Committee

The Board of the Company has constituted the 'Risk Management Committee' as a sub-committee of the Board, to oversee the risk management and compliance activities of the Company.

As per the documented charter, duly approved by the Board of Directors, the primary function of the Risk Management Committee (RMC) is to assist the Board of Directors with its oversight role with respect of ensuring the identification, assessment, measurement and mitigation of major areas of risk faced by the Company and the development of strategies to manage those risks, to review compliance with risk management policies implemented by the Company and reports related to compliance with legal and regulatory matters. As a result of the increased financial controls reporting, the Risk Management Committee also focuses on:

- i. Internal Control Mechanism upon areas prone to operational risks. The controls around such processes are deliberated in the RMC and any process controls to be tightened are recommended. The Risk Control Self-Assessment (RCSA) framework and the Standard Operating Procedure (SoP) structure around this fall under the purview of RMC.
- ii. Development and implementation of risk management policy
- iii. Fraud Risk Mitigation & Fraud Management framework
- iv. Reporting Framework

#### (a) Composition of Risk Management Committee

The Risk Management Committee was reconstituted on October 03, 2019. The current composition of the Risk Management Committee is as under:-

Sr. No.	Name of the Risk Management Committee Member*	Chairman/ Members
1	Mr. Sushobhan Sarker	Chairman
2	Mr. Ajay Srinivasan	Member
3	Mr. Sandeep Asthana	Member
4	Mr. Bobby Parikh	Member

\* Prof. R. Vaidyanathan, Chairman of the Risk Management Committee ceased to be the Director of the Company due to end of his term on August 24, 2019. Mr. Sushobhan Sarker was appointed as Chairman and Member of the Risk Management Committee on October 03, 2019.

#### Permanent Invitees:

Sr. No.	Name of the Permanent Invitee
1	Mr. A Balasubramanian
2	Ms. Hemanti Wadhwa
3	Mr. Hari Babu

#### (b) Meetings of Risk Management Committee and attendance of Risk Management Committee Members

During the FY 2019-20, the Risk Management Committee met four times on the following dates:

1. April 26, 2019
2. July 25, 2019
3. October 23, 2019
4. January 23, 2020

The attendance of the Risk Management Committee Members at the Risk Management Committee meetings held during the F.Y. 2019-20 is given in the table below:

Name of the Committee Member*	No. of Risk Management Committee meetings held and attended during the FY 2019-20	
	Held	Attended
Prof. R. Vaidyanathan	04	02
Mr. Ajay Srinivasan	04	04
Mr. Sandeep Asthana	04	04
Mr. Bobby Parikh	04	01
Mr. Sushobhan Sarker	04	02

\* The change in constitution of the Risk Management Committee during the year is mentioned above.

#### IV. Product Committee

Considering the market conditions and needs of clients of Aditya Birla Sun Life Mutual Fund, the Board of the Company at its Meeting held on May 24, 2008 established a "Product Committee", which is authorized to:

- i. Approve launch of new products, merger/consolidation of schemes, introduction of new plan with separate portfolio under existing schemes and/or modification of fundamental attributes of existing products, which will be proposed from time to time before the Committee keeping in view the market conditions and needs of clients of Aditya Birla Sun Life Mutual Fund;
- ii. Approve launch of new products, merger/consolidation of products, modification of attributes of existing products which will be proposed from time to time before the Committee in view of the market conditions and needs of clients of Portfolio Management Services (PMS) division of the Company: and
- iii. Approve launch of new products, merger/consolidation of products, modification of attributes of existing products which will be proposed from time to time before the Committee in view of the market conditions and needs of clients of Alternative Investment Fund (AIF) division of the Company.
- iv. Review such other matter as the Product Committee may deem fit and necessary during the course of operations of the Company

##### (a) Composition of Product Committee

The Product Committee was reconstituted on October 03, 2019. The current composition of the Product Committee is as under:-

Sr. No.	Name of the Product Committee Member*	Chairman/ Members
1	Mr. Navin Puri	Chairman
2	Mr. Ajay Srinivasan	Member
3	Mr. Sandeep Asthana	Member
4	Mr. Harish Engineer	Member

\* Mr. N.C. Singhal, Chairman and Mr. N.N. Jambusaria, Member of the Product Committee ceased to be the Directors of the Company due to end of their term on August 24, 2019. Mr. Harish Engineer was appointed as Member of the Product Committee on August 23, 2019 and Mr. Navin Puri was appointed as Member and Chairman of the Product Committee on October 03, 2019.

##### (b) Meetings of Product Committee and attendance of Product Committee Members

During the FY 2019-20, the Product Committee met thrice on the following dates:

1. June 21, 2019
2. January 20, 2020
3. March 06, 2020

The attendance of the Product Committee Members at the Product Committee meetings held during the F.Y. 2019-20 is given in the table below:

Name of the Committee Member*	No. of Product Committee meetings held and attended during the FY 2019-20	
	Held	Attended
Mr. N.C. Singhal	03	01
Mr. Ajay Srinivasan	03	03
Mr. Sandeep Asthana	03	03
Mr. N.N. Jambusaria	03	01
Mr. Navin Puri	03	02
Mr. Harish Engineer	03	01

\* The change in constitution of the Product Committee during the year is mentioned above.

#### V. Corporate Social Responsibility (CSR) Committee

In compliance with the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014, the Board has constituted a Corporate Social Responsibility Committee.

The broad terms and reference of CSR Committee are as follow:

- i. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- ii. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;
- iii. To monitor the CSR policy of the Company from time to time;
- iv. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

The detailed report on CSR activities/ initiatives is mentioned in **Annexure VII**.

**(a) Composition of Committee**

The CSR Committee was reconstituted on August 19, 2019. The current composition of the CSR Committee is as under:-

Sr. No.	Name of the Committee Member*	Chairman/ Members
1	Ms. Alka Bharucha	Chairperson
2	Mr. Ajay Srinivasan	Member
3	Mr. Sandeep Asthana	Member

\* Mr. N.N. Jambusaria, Chairman of the CSR Committee ceased to be a Member of the CSR Committee on August 19, 2019.

Ms. Alka Bharucha was appointed as Chairperson and Member of the CSR Committee on August 19, 2019.

**Permanent Invitees:**

1. Mrs. Rajashree Birla - Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development
2. Dr. (Mrs.) Pragnya Ram, Group Executive President, Corporate Communications and CSR
3. Mr. A. Balasubramanian – Managing Director & CEO

**(b) Meetings of Corporate Social Responsibility Committee and attendance of Corporate Social Responsibility Committee Members**

During the FY 2019-20, the Corporate Social Responsibility Committee met twice on the following dates:

1. August 27, 2019
2. December 19, 2019

The attendance of the Corporate Social Responsibility Committee Members at the Corporate Social Responsibility Committee meetings held during the F.Y. 2019-20 is given in the table below:

Name of the Committee Member*	No. of Corporate Social Responsibility Committee meetings held and attended during the FY 2019-20	
	Held	Attended
Mr. N.N. Jambusaria	02	00
Mr. Ajay Srinivasan	02	02
Mr. Sandeep Asthana	02	02
Ms. Alka Bharucha	02	02

\* The change in constitution of the CSR Committee during the year is mentioned above.

**VI. Nomination & Remuneration Committee**

In terms of the provisions of Section 178 of the Companies Act, 2013, the Company has constituted Nomination and Remuneration (NRC) Committee and the Policy on Executive Remuneration, as approved by the Board, is attached and marked as **Annexure IV**

The NRC is responsible for identifying persons who are qualified to become Directors and who may be appointed in the senior management team in accordance with criteria laid down and recommend to the Board their appointment and removal and carry out evaluation of every Director's performance.

The broad terms and reference of NRC are as follow:

**A. Executive Remuneration:**

- i. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors and Senior Managers of the quality required to run the Company successfully;
- ii. The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- iii. The remuneration provided to Directors and Senior Managers includes a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

**B. Executive Talent:**

- i. 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 of Directors their appointment and removal from time to time
- ii. Review and Implement succession and development plans for Managing Director, Executive Directors and Senior Managers
- iii. Devise a policy on Board diversity
- iv. Formulate the criteria for determining qualifications, positive attributes and independence of Directors

**C. Board Performance and Rewards:**

- i. Establish evaluation criteria and conduct the process of performance evaluation of each Director in a structured manner
- ii. Establish evaluation criteria of Board and Board Committees
- iii. Review and make recommendations to the Board with respect to any incentive-based compensation and equity-based plans that are subject to Board or shareholder approval (including broad-based plans)

**D. Disclosures:**

The Committee shall review and discuss with management the disclosures required to be included in the Directors report, as specified in the Act and the Rules thereunder

**(a) Composition of Committee**

The Nomination and Remuneration Committee (NRC) was reconstituted on August 23, 2019. The current composition of the NRC is as under:-

Sr. No.	Name of the Committee Member*	Chairman/ Members
1	Mr. Bharat Patel	Chairman
2	Mr. Ajay Srinivasan	Member
3	Mr. Sandeep Asthana	Member
4	Mr. Harish Engineer	Member

\* Mr. N.C. Singhal, Chairman and Prof. R Vaidyanathan, Member of the NRC ceased to be the members of the NRC on August 23, 2019. Mr. Bharat Patel and Mr. Harish Engineer were appointed as a Chairman and Member of the NRC, respectively on August 23, 2019.

**(b) Meetings of Nomination and Remuneration Committee and attendance of Nomination and Remuneration Committee Members**

During the FY 2019-20, the Nomination and Remuneration Committee met twice on the following dates:

1. July 12, 2019
2. November 26, 2019



The attendance of the Nomination and Remuneration Committee Members at the Nomination and Remuneration Committee meetings held during the F.Y. 2019-20 is given in the table below:

Name of the Committee Member*	No. of Nomination and Remuneration Committee meetings held and attended during the FY 2019-20	
	Held	Attended
Mr. N.C. Singhal	02	01
Mr. Ajay Srinivasan	02	02
Mr. Sandeep Asthana	02	02
Prof. R Vaidyanathan	02	01
Mr. Bharat Patel	02	01
Mr. Harish Engineer	02	01

\* The change in constitution of the Nomination and Remuneration Committee during the year is mentioned above.

#### VII. Investment Committee (Mutual Fund)

The Company has constituted Investment Committee (Mutual Fund). The broad terms and reference of the Committee are as follow:

1. To approve proposals for investments in unrated instruments;
2. To approve investment policy and philosophy (investment manual); and other policies relating to investment activities;
3. To approve policies relating to valuation of securities / instruments and periodic review of valuation methodologies adopted;
4. Review the portfolio on a quarterly basis to ensure compliance with regulations / internal limits;
5. To review scheme portfolio vis-à-vis scheme objectives, portfolio vis-à-vis asset allocation; portfolio vis-à-vis the Benchmark / Model Portfolio (if applicable) on a periodic basis;
6. To review portfolios periodically in order to monitor illiquid assets, volatility of the underlying securities / instruments, and concentration of investments / investors and advise corrective action, if required;
7. To review issuers with regard to credit risk and monitor changes in credit ratings; to approve requests for increase in limits & limit exceptions;
8. To review derivative exposures;
9. To review dealing related risks and proxy voting matters;
10. To delegate authorities of –
  - a. investments,
  - b. approval of limits as it deems appropriate;
11. Ratifying investments made pursuant to delegation of authority;
12. To approve the investment decisions which are outside the investment policy & manual;
13. To review reports on brokerage & approve broker empanelment;
14. To review the results of monthly liquidity stress testing for Liquid and Money Market Funds;
15. To review stress tests as well as scenario tests on portfolios on a need basis;
16. Any other matter that warrants review by the Investment committee.

#### (a) Composition of Committee

The composition of Investment Committee (Mutual Fund) is as under:-

Sr. No.	Name of the Committee Member	Chairman/ Members
1	Mr. Ajay Srinivasan	Member
2	Mr. Sandeep Asthana	Member
3	Mr. A Balasubramanian	Member

- (b) The attendance of the Investment Committee (Mutual Funds) Members at the Investment Committee (Mutual Funds) meetings held during the F.Y. 2019-20 is given in the table below:

Name of the Committee Member	No. of Investment Committee (Mutual Fund) meetings held and attended during the FY 2019-20	
	Held	Attended
Mr. Ajay Srinivasan	4	3
Mr. Sandeep Asthana	4	2
Mr. A Balasubramanian	4	4

#### VIII. Investment Committee (Alternate Assets)

The Company has constituted Investment Committee (Alternate Assets). The broad terms and reference of the Committee are as follow:

- To approve investment policy and philosophy (investment manual); and other policies relating to investment activities;
- To approve policies relating to valuation of securities / instruments and periodic review of valuation methodologies adopted;
- Review the portfolio on a quarterly basis to ensure compliance with regulations / internal limits;
- To review scheme portfolio vis-à-vis scheme objectives, portfolio vis-à-vis asset allocation; portfolio vis-à-vis the Benchmark / Model Portfolio (if applicable) on a periodic basis;
- To review portfolios periodically in order to monitor illiquid assets, volatility of the underlying securities / instruments, and concentration of investments / investors and advise corrective action, if required;
- To review issuers with regard to credit risk and monitor changes in credit ratings; to approve requests for increase in limits & limit exceptions;
- To review derivative exposures;
- To review dealing related risks and proxy voting matters;
- To review reports on brokerage & approve broker empanelment;
- To review the results of monthly liquidity stress testing for Liquid and Money Market Funds;
- To review stress tests as well as scenario tests on portfolios on a need basis;
- Any other matter that warrants review by the Investment committee.

#### (a) Composition of Committee

The composition of Investment Committee (Alternate Assets) is as under:-

Sr. No.	Name of the Committee Member	Chairman/ Members
1	Mr. Ajay Srinivasan	Member
2	Mr. Sandeep Asthana	Member
3	Mr. A Balasubramanian	Member

- (b) The attendance of the Investment Committee (Mutual Funds) Members at the Investment Committee (Mutual Funds) meetings held during the F.Y. 2019-20 is given in the table below:

Name of the Committee Member	No. of Investment Committee (Alternate Assets) meetings held and attended during the FY 2019-20	
	Held	Attended
Mr. Ajay Srinivasan	4	3
Mr. Sandeep Asthana	4	2
Mr. A Balasubramanian	4	4

#### IX. Independent Directors' Meeting

In accordance with the provisions of Schedule IV of the Companies Act, 2013 a meeting of the Independent Directors of our Company was held on March 06, 2020 without the presence of the Non-Independent Directors and the Management. The Independent Directors discussed the matters inter alia including, the performance of Directors, Board committees and functioning of the Company.

**X. Disclosures**

**Shareholders & General information**

- A.** Brief profile of following Directors who are proposed to be appointed and liable to retire by rotation & eligible to be re-appointed in the 26<sup>th</sup> Annual General Meeting of the Company are as under:

**Mr. Kumar Mangalam Birla:**

Mr. Kumar Mangalam Birla is the Chairman of the Aditya Birla Group. He chairs the Boards of all major Group companies in India and globally - Novelis, Columbian Chemicals, Aditya Birla Minerals, Aditya Birla Chemicals, Thai Carbon Black, Alexandria Carbon Black, Domsjö Fabriker and Terrace Bay Pulp Mill and he Chairs the Boards of Hindalco Industries Limited, Grasim Industries Limited, Vodafone Idea Limited and Aditya Birla Capital Limited. Mr. Birla was Director on the Central Board of Directors of the Reserve Bank of India. Additionally, he was the Chairman of the Advisory Committee constituted by the Ministry of Company Affairs and also served on the Prime Minister of India's Advisory Council on Trade and Industry and Chaired the Securities and Exchange Board of India (SEBI) Committee on Corporate Governance, He was authored the First Report on Corporate Governance titled "Report of the Kumar Mangalam Birla Committee on Corporate Governance". Mr. Birla also served as Chairman of SEBI's committee on Insider Trading, which formulated Corporate Governance principles for Indian corporates.

**Mr. Colm Freyne:**

Mr. Freyne has over 35 years of experience in the areas of risk management, corporate finance, taxation, capital and investor relations. He joined Sun Life in 2003 and currently is the Executive Vice President and Chief Risk Officer of Sun Life Financial Inc.

- B. General Body Meetings**

**Annual General Meeting**

The particulars of the last three Annual General Meetings (AGMs) of the Company are provided in the below Table:

AGM	Financial Year	Date of the AGM	Time	Venue
23 <sup>rd</sup>	2016-17	June 23, 2017	3:00 PM	A-5, Aditya Birla Centre, S. K. Ahire Marg, Worli, Mumbai – 400 030
24 <sup>th</sup>	2017-18	June 22, 2018	11:00 AM	One Indiabulls Centre, Tower 1, 18th Floor, Jupiter Mills Compound, Senapati Bapat Marg, Elphinstone Road, Mumbai – 400013
25 <sup>th</sup>	2018-19	July 15, 2019	11:30 AM	One Indiabulls Centre, Tower 1, 17th Floor, Jupiter Mills Compound, Senapati Bapat Marg, Elphinstone Road, Mumbai – 400013

- C. Shareholder Information**

<b>Date, Time and Venue of the 26th Annual General Meeting</b>	July 20, 2020, 10.00 AM at One India Bulls, Tower 1, 17th Floor, Jupiter Mills, Senapati Bapat Marg, Elphinstone Road, Mumbai – 400013.
<b>Financial Year</b>	2019-20
<b>Registration no. of the Company as per Companies Act with the Registrar of Companies</b>	11-080811
<b>Corporate Identification Number (CIN)</b>	U65991MH1994PLC080811
<b>Permanent Account Number (PAN)</b>	AAACB6134D
<b>Address for correspondence</b>	One Indiabulls Centre, Tower-1, 17th floor, Jupiter Mills Compound, 841, S. B. Marg, Elphinstone Road, Mumbai 400 013
<b>Website</b>	<a href="http://www.adityabirlasunlifemf.com">www.adityabirlasunlifemf.com</a>
<b>Telephone No.</b>	022-43568008

**D. Distribution of Shareholding**

The Shareholding pattern of the Company as on March 31, 2020 is provided in Table below:

Sr. No.	Name of the Shareholder(s) (for each class of shares)	Percentage ownership held by the shareholder	Number of Equity shares owned by the shareholder
1.	Aditya Birla Capital Limited (ABCL)	50.9995%	9179910
2.	Sun Life (India) AMC Investments Inc.	49.0000%	8820000
3.	Mr. Kumar Mangalam Birla	0.00006%	10
4.	Ms. Neerja Birla	0.00006%	10
5.	Mr. Parag Joglekar as Nominee Shareholder of ABCL	0.00018%	32
6.	Mr. A Balasubramanian as Nominee Shareholder of ABCL	0.00014%	26
7.	Ms. Pinky Mehta as Nominee Shareholder of ABCL	0.00007%	12
	Total	<b>100%</b>	<b>18000000</b>

**For and on behalf of the Board of Directors  
Aditya Birla Sun Life AMC Limited**

**Ajay Srinivasan**  
Director  
(DIN: 00121181)

**A Balasubramanian**  
Managing Director & CEO  
(DIN: 02928193)

**Date :** May 18, 2020  
**Place:** Mumbai

## ANNEXURE IV

Aditya Birla Sun Life AMC Limited, ("the Company"), an Aditya Birla Group Company adopts/shall adopt this Executive Remuneration Philosophy/Policy as applicable across Group Companies. This philosophy/ policy is detailed below.

### **Aditya Birla Group: Executive Remuneration Philosophy/Policy**

At the Aditya Birla Group, we expect our executive team to foster a culture of growth and entrepreneurial risk-taking. Our Executive Remuneration Philosophy/Policy supports the design of programs that align executive rewards – including incentive programs, retirement benefit programs, promotion and advancement opportunities – with the long-term success of our stakeholders.

Our business and organizational model

Our Group is a conglomerate and organized in a manner such that there is sharing of resources and infrastructure. This results in uniformity of business processes and systems thereby promoting synergies and exemplary customer experiences.

#### *I. Objectives of the Executive Remuneration Program*

Our executive remuneration program is designed to attract, retain, and reward talented executives who will contribute to our long-term success and thereby build value for our shareholders. Our executive remuneration program is intended to:

1. Provide for monetary and non-monetary remuneration elements to our executives on a holistic basis
2. Emphasize "Pay for Performance" by aligning incentives with business strategies to reward executives who achieve or exceed Group, business and individual goals.

#### *II. Covered Executives*

Our Executive Remuneration Philosophy/Policy applies to the following:

1. Directors of the Company
2. Key Managerial Personnel: Chief Executive Officer and equivalent (e.g.: Deputy Managing Director), Chief Financial Officer and Company Secretary.
3. Senior Management:

#### *III. Business and Talent Competitors*

We benchmark our executive pay practices and levels against peer companies in similar industries, geographies and of similar size. In addition, we look at secondary reference (internal and external) benchmarks in order to ensure that pay policies and levels across the Group are broadly equitable and support the Group's global mobility objectives for executive talent. Secondary reference points bring to the table, the executive pay practices and pay levels in other markets and industries, to appreciate the differences in levels and medium of pay and build in as appropriate for decision making.

#### *IV. Executive Pay Positioning*

We aim to provide competitive remuneration opportunities to our executives by positioning target total remuneration (including perks and benefits, annual incentive pay-outs, long term incentive pay-outs at target performance) and target total cash compensation (including annual incentive pay-outs) at target performance directionally between median and top quartile of the primary talent market. We recognize the size and scope of the role and the market standing, skills and experience of incumbents while positioning our executives.

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

#### *V. Executive Pay-Mix*

Our executive pay-mix aims to strike the appropriate balance between key components: (i) Fixed Cash compensation (Basic Salary + Allowances) (ii) Annual Incentive Plan (iii) Long- Term Incentives (iv) Perks and Benefits

##### *Annual Incentive Plan:*

We tie annual incentive plan pay-outs of our executives to relevant financial and operational metrics achievement and their individual performance. We annually align the financial and operational metrics with priorities/ focus areas for the business.

##### *Long-Term Incentive:*

Our Long-term incentive plans incentivize stretch performance, link executive remuneration to sustained long term growth and act as a retention and reward tool.

We use stock options as the primary long-term incentive vehicles for our executives as we believe that they best align executive incentives with stockholder interests.

We grant restricted stock units as a secondary long-term incentive vehicles, to motivate and retain our executives.

*VI. Performance Goal Setting*

We aim to ensure that for both annual incentive plans and long-term incentive plans, the target performance goals shall be achievable and realistic.

Threshold performance (the point at which incentive plans are paid out at their minimum, but non-zero, level) shall reflect a base-line level of performance, reflecting an estimated 90% probability of achievement.

Target performance is the expected level of performance at the beginning of the performance cycle, taking into account all known relevant facts likely to impact measured performance.

Maximum performance (the point at which the maximum plan payout is made) shall be based on an exceptional level of achievement, reflecting no more than an estimated 10% probability of achievement.

*VII. Executive Benefits and Perquisites*

Our executives are eligible to participate in our broad-based retirement, health and welfare, and other employee benefit plans. In addition to these broad-based plans, they are eligible for perquisites and benefits plans commensurate with their roles. These benefits are designed to encourage long-term careers with the Group.

*Other Remuneration Elements*

Each of our executives is subject to an employment agreement. Each such agreement generally provides for a total remuneration package for our executives including continuity of service across the Group Companies.

We limit other remuneration elements, for e.g. Change in Control (CIC) agreements, severance agreements, to instances of compelling business need or competitive rationale and generally do not provide for any tax gross-ups for our executives.

*Risk and Compliance*

We aim to ensure that the Group's remuneration programs do not encourage excessive risk taking. We review our remuneration programs for factors such as, remuneration mix overly weighted towards annual incentives, uncapped pay-outs, unreasonable goals or thresholds, steep pay-out cliffs at certain performance levels that may encourage short-term decisions to meet pay-out thresholds.

*Claw back Clause*

In an incident of restatement of financial statements, due to fraud or non-compliance with any requirement of the Companies Act 2013 and the rules made thereafter, we shall recover from our executives, the remuneration received in excess, of what would be payable to him / her as per restatement of financial statements, pertaining to the relevant performance year.

*Implementation*

The Group and Business Centre of Expertise teams will assist the Nomination & Remuneration Committee in adopting, interpreting and implementing the Executive Remuneration Philosophy/Policy. These services will be established through "arm's length", agreements entered into as needs arise in the normal course of business.

**ANNEXURE V**

**Statement containing salient features of the financial statement of subsidiaries/  
associate companies/ joint ventures**

**Part “A”: Subsidiaries**

<b>Name of the subsidiary</b>	<b>Aditya Birla Sun Life AMC (Mauritius) Ltd</b>	<b>Aditya Birla Sun Life Asset Management Co. Ltd DIFC, Dubai</b>	<b>Aditya Birla Sun Life Asset Management Company PTE Ltd.</b>
1. Reporting period for the subsidiary concerned, if different from the holding company’s reporting period	31-03-2020	31-03-2020	31-03-2020
2. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	USD	USD	SGD
3. Share capital	45,000	3,125,000	13,600,000
4. Reserves & surplus	1,078,476	862,599	(8,920,780)
5. Total assets	1,145,365	1,234,102	5,602,005
6. Total Liabilities	1,145,365	1,234,102	5,602,005
7. Investments	NIL	NIL	1
8. Turnover	348,463	1,315,130	3,475,649
9. Profit before taxation	205,803	57,765	271,858
10. Provision for taxation	6,181	NIL	NIL
11. Profit after taxation	199,622	57,765	271,858
12. Proposed Dividend	NIL	NIL	NIL
13. % of shareholding	100%	100%	100%

**Part “B”: Associates and Joint Ventures: Nil**

Note: As the Company holds 100% management shares of India Advantage Fund Limited (IAFL), having no beneficial interest or ownership on the Company’s income or gains as the same belongs to the investors of Collective Investment Schemes offered by IAFL. Further, Aditya Birla Sun Life Asset Management Company Pte Ltd. holds 100% management shares of International Opportunities Fund – SPC and New Horizon Fund SPC and by virtue of that it is a subsidiary of the Company. Hence these are not included in the Annexure above.

**For and on behalf of the Board of Directors**

**Ajay Srinivasan**  
Director  
(DIN: 00121181)

**A Balasubramanian**  
Managing Director & CEO  
(DIN: 02928193)

**Parag Joglekar**  
Chief Financial Officer

**Hemanti Wadhwa**  
Company Secretary  
(FCS No. 6477)



**RISK MANAGEMENT FRAMEWORK**

**A. Risk Management Committee**

The Company follows the below levels of Risk Mitigation Structure:



The risk management structure comprises of the Risk Management Team and Functional Heads governed by Board level Risk Management Committee.

**B. Risk Mitigation Strategies:**

The Company is exposed to several risks in the course of its business. The overall business risks and mitigation strategies are as are described below:

Strategic Risk	<p>Risk to future earnings or capital in terms of failure to achieve the Company's strategic or long-term business plans</p> <p><u>Mitigation Strategy:</u> Strategic risks are managed through the Enterprise Risk Management framework using the risk identification and review process. The Risk Management Committee monitors these risks and the action plans for mitigating these risks.</p>
Investment Risk	<p>Risk to Investment Performance can be due to Systematic Risks like Markets, Interest Rates, Liquidity, etc. or Unsystematic Risk like the Company specific or Industry Specific Risks. These risks can impact the Guarantees, other than hampering the Investment performance on temporary / permanent basis.</p> <p><u>Mitigation Strategy:</u> A governance structure, in form of the Investment Committee, and well defined investment policies &amp; processes are in place to ensure that the risks involved in investments are identified and acceptable levels are defined. All Regulatory and Internal norms are built in the Investment system, which monitors the Investment limits and exposure norms on real-time basis.</p>
Operational Risk	<p>The uncertainty arising from more than expected losses or damage to finances or reputation resulting from inadequate or failed internal processes, controls, people, systems or external events.</p> <p><u>Mitigation Strategy:</u> Operational risks are governed through Operational Risk Management policy. The Company maintains an operational loss database to track and mitigate risks resulting in financial losses. To control operational risk, operating and reporting processes are reviewed and updated regularly.</p> <p>The Company has a robust Business Continuity Plan and Information Technology Disaster Recovery Plan in place to manage any business / technology interruption risks. It also has Business Continuity Policy to have a planned response in the event of any contingency ensuring recovery of critical activities at agreed levels within agreed timeframe thereby complying with various regulatory requirements and minimizing the potential business impact to the Company.</p> <p>Fraud management is handled through an internal committee and is governed by the Fraud Risk Management Policy.</p>

Information Security and Cyber Security Risk	<p>The risk arising from IT systems (data leakage, application vulnerabilities, lack of segregation of duties and access control), human error, etc. which can cause damage to finances or reputation.</p> <p><u>Mitigation Strategy:</u> Information Security risks are governed through Information Security Management System aligned and certified against ISO 27001:2013 which is a global benchmark. The Company has a comprehensive Information Security and Cyber security policy designed to comply with ISO 27001:2013, privacy and/or data protection legislations as specified in Indian Information Technology Act, 2008 and Notification dated 11th April 2011 on protection of sensitive personal information and it provides direction to Information Security staff, Management and Employees regarding their roles and responsibilities towards Information Security.</p>
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**C. Risk Policies:**

The following risk policies govern and implement effective risk management practices:

Investment Policies, Dealer's code of Conduct and best Execution Policy, Dealing Room Policy, Broker Empanelment Policy, Valuation Policy, Information Security Policy, Policies governing Logical Access and Physical, Business Continuity Policy, Record Retention Policy, Operational Risk Management Policy, Fraud Risk Management Policy, Outsourcing and Vendor Risk Management policy and Anti Money Laundering policy.

## ANNEXURE VII

### REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES/ INITIATIVES

[Pursuant to Section 135 of the Act & Rules made thereunder]

**1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and projects or programs**

For us in the Aditya Birla Group, reaching out to underserved communities is part of our DNA. We believe in the trusteeship concept. This entails transcending business interests and grappling with the "quality of life" challenges that underserved communities face and working towards making a meaningful difference to them.

Our vision is - "to actively contribute to the social and economic development of the communities in which we operate. In so doing build a better, sustainable way of life for the weaker and marginalized sections of society and raise the country's human development index"

- Mrs. Rajashree Birla, Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development.

**Implementation process:**

Identification of projects - All projects are identified in consultation with the community in a participatory manner, literally sitting with them and gauging their basic needs. We recourse to the participatory rural appraisal mapping process. Subsequently, based on a consensus and in discussion with the village panchayats, and other stakeholders, projects are prioritized.

Arising from this our focus areas that have emerged are Education, Health care, Sustainable livelihood, Infrastructure development, and espousing social causes. All of our community projects/programmes are carried out under the aegis of The Aditya Birla Centre for Community Initiatives and Rural Development. Our activities are in line with Schedule VII of the companies Act, 2013.

Your Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 which is accessible from our Company's website. ([www.adityabirlasunlifemf.com](http://www.adityabirlasunlifemf.com))

**2. The Composition of the CSR Committee.**

- a) Ms. Alka Bharucha - Chairperson of the Committee
- b) Mr. Ajay Srinivasan - Director
- c) Mr. Sandeep Asthana - Director

**Permanent Invitees:**

- a) Mrs. Rajashree Birla – Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development;
- b) Dr. (Mrs.) Pragnya Ram – Group Executive President, Corporate Communications and CSR;
- c) Mr. A Balasubramanian – Chief Executive Officer of the Company

**3. Average net profit of the company for last three financial years:**

₹ 4,34,34,41,137.67/-

**4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) –**

₹ 8,68,68,823/-

**5. Details of CSR spent during the financial year**

- a) Total amount to be spent for the financial year: ₹ 8,68,68,823/-  
 b) Amount unspent, if any – Nil  
 c) Manner in which the amount spent during the financial year is detailed below -

CSR projector activity undertaken	Sector in which the Project is covered	Projects or Programs (1) Local area or other (Specify the State or district where the Projects or programs was undertaken)	Amount outlay (budget) Project or programs wise (Amount in ₹ crore)	Amount spent on the Project or programs Sub heads (1) Direct Expenditure on the projects or programs (2) Overheads (Amount in ₹ crore)	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing Agency
Healthcare facility for rural masses <b>NGO - Impact India Foundation</b> (Duration: 1 year)	Healthcare	Uttar Pradesh	0.70	0.70	0.70	Through Non Profit Organisation- Impact India Foundation
Integrated Education Programme <b>NGO – Magic Bus</b> (Duration: 1 year)	Educational	Mumbai	0.40	0.40	0.40	Through Non Profit Organisation- Magic Bus
Knowledge on Wheels (Mobile Science Laboratory) <b>NGO - Seva Sahayog Foundation</b> (Duration: 1 year)	Educational	Mumbai	0.36	0.36	0.36	Through Non Profit Organisation- Seva Sahayog Foundation
Women Empowerment & Sustainable Livelihood <b>NGO – PRADAN</b> (Duration: 1 year)	Women Empowerment & Sustainable Livelihood	Madhya Pradesh Dindori and Mandla	1.20	1.20	1.20	Through Non Profit Organisation- PRADAN
Sanitation & Drinking water at Schools <b>NGO – AROH</b>	Educational	UP and Delhi NCR	1.30	1.30	1.30	Through Non Profit Organisation- AROH
Cancer care <b>NGO – Cankids</b> (Duration: 1 year)	Healthcare	Uttar Pradesh	0.50	0.50	0.50	Through Non Profit Organisation- Cankids
Treatment of congenital heart disease <b>NGO - Sri Sathya Sai Health and Education Trust</b>	Healthcare	Mumbai	0.25	0.25	0.25	Through Non Profit Organisation- Sri Sathya Sai Health and Education Trust
Setting up remedial classes for children from economically backward section <b>NGO - Light of Life Trust</b>	Educational	Maharashtra, Nandurbar	0.72	0.72	0.72	Through Non Profit Organisation- Light of Life Trust
Scholarship support <b>NGO- AWOO (A world of Opportunities) Foundation</b>	Educational	PAN India	1.00	1.00	1.00	Through Non Profit Organisation- AWOO Foundation
Improve learning outcome in 15 govt schools of UP <b>NGO – Smile Foundation</b>	Educational	Uttar Pradesh, Siddharth Nagar	1.17	1.17	1.17	Through Non Profit Organisation- Smile Foundation
Support of Setting up classroom in Chinmaya Vishwa Vidyapeeth <b>NGO - Chinmaya Mission / Chinmaya Vishwa Vidyapeeth</b>	Educational	Chennai, Ernakulam	0.25	0.25	0.25	Through Non Profit Organisation- Chinmaya Mission / Chinmaya Vishwa Vidyapeeth

CSR projector activity undertaken	Sector in which the Project is covered	Projects or Programs (1) Local area or other (Specify the State or district where the Projects or programs was undertaken)	Amount outlay (budget) Project or programs wise (Amount in ₹ crore)	Amount spent on the Project or programs Sub heads (1) Direct Expenditure on the projects or programs (2) Overheads (Amount in ₹ crore)	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing Agency
Infrastructure support residential school <b>NGO</b> Navnirman Charitable Trust	Educational	Maharashtra, Raigad	0.25	0.25	0.25	Through Non Profit Organisation- Navnirman Charitable Trust
Medical equipment support to Shrimad Rajchandra Hospital <b>NGO</b> – Shrimad Rajchandra Sarvamangal Trust / Shrimad Rajchandra Love and Care	Healthcare	Gujarat, Valsad	0.25	0.25	0.25	Through Non Profit Organisation-- Shrimad Rajchandra Sarvamangal Trust / Shrimad Rajchandra Love and Care
Impact study <b>NGO</b> - Collective good foundation/ Samitha Initiatives	Educational	PAN India	0.10	0.10	0.10	Through Non Profit Organisation- Collective good foundation/ Samitha Initiatives
<b>CSR Project Admin Expenses</b>	CSR Project Admin expense	NA	0.24	0.24	0.24	Administrative expenses for CSR activities
<b>Total</b>			<b>8.69</b>	<b>8.69</b>	<b>8.69</b>	

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

Not Applicable

**A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.**

The implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

**Alka Bharucha**  
Chairperson – CSR Committee  
(DIN 00114067)

**A Balasubramanian**  
Managing Director & CEO  
(DIN 02928193)

**ANNEXURE VIII**

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**As on the financial year ended March 31, 2020**  
**of Aditya Birla Sun Life AMC Limited**  
**[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies**  
**(Management and Administration) Rules, 2014]**

**I. REGISTRATION AND OTHER DETAILS:**

1.	CIN	:	U65991MH1994PLC080811
2.	Registration Date	:	September 05, 1994
3.	Name of the Company	:	Aditya Birla Sun Life AMC Limited
4.	Category / Sub-Category of the Company	:	Company having Share Capital
5.	Address of the Registered Office	:	One Indiabulls Centre, Tower-1, 17th floor, Jupiter Mill Compound, 841, S.B. Marg, Elphinstone Road, Mumbai 400 013.
	Contact details	:	Tel. No. - 022 43568008
6.	Whether listed company	:	No
7.	Name, Address of Registrar & Transfer Agents (RTA), if any	:	Karvy Fintech Private Limited Karvy Selenium, Tower- B, Plot No. 31 & 32., Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad, 500032, India
	Contact details	:	Tel. No. 040 6716 1602

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1.	Management & Advisory Fees	66301	89.57% (excluding Other Income)

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	Aditya Birla Capital Limited	L67120GJ2007PLC058890	Holding Company	50.9995%	2(46)
2.	Aditya Birla Sun Life AMC (Mauritius) Ltd.	Foreign Company	Subsidiary Company	100%	2(87)
3.	Aditya Birla Sun Life Asset Management Company Pte Ltd. (Singapore)	Foreign Company	Subsidiary Company	100%	2(87)
4.	Aditya Birla Sun Life Asset Management Company Ltd. (Dubai)	Foreign Company	Subsidiary Company	100%	2(87)
5.	India Advantage Fund Limited*(IAFL)	Foreign Company	Subsidiary Company	100%	2(87)
6.	International Opportunities Fund – SPC** (IOF-SPC)	Foreign Company	Subsidiary Company	-	2(87)
7.	New Horizon Fund SPC** (NHF-SPC)	Foreign Company	Subsidiary Company	-	2(87)
8.	Global Clean Energy Fund SPC (GCEF-SPC)#(wound up on March 31, 2020)	Foreign Company	Subsidiary Company	-	2(87)

\*The Company holds 100% management shares of IAFL, having no beneficial interest or ownership on the Company's income or gains as the same belongs to the investors of Collective Investment Schemes offered by IAFL.

\*\* Aditya Birla Sun Life Asset Management Company Pte Ltd. holds 100% management shares of IOF-SPC and NHF-SPC and by virtue of that it is a subsidiary of the Company.

# Aditya Birla Sun Life Asset Management Company Pte Ltd. was holding 100% management shares of GCEF-SPC and by virtue of that it was a subsidiary of the Company.



**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(a) Individual/HUF	-	20	20	0.0001	-	20	20	0.0001	0.00
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	89,99,910	1,80,070	91,79,980	50.9999	91,79,922	58	91,79,980	50.9999	0.00
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):-	89,99,910	1,80,090	91,80,000	51	91,79,922	78	91,80,000	51	0.00
<b>(2) Foreign</b>									
(a) NRIs -									
Individuals	-	-	-	-	-	-	-	-	-
(b) Other – Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	88,20,000	88,20,000	49	-	88,20,000	88,20,000	49	0.00
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	-	88,20,000	88,20,000	49	-	88,20,000	88,20,000	49	0.00
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	89,99,910	90,00,090	180,00,000	100	91,79,922	88,20,078	180,00,000	100	0.00
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks / FI	-	-	-	-	-	-	-	-	-
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIs	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
(a) Bodies Corp.	-	-	-	-	-	-	-	-	-
(i) Indian(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals	-	-	-	-	-	-	-	-	-
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
(ii) Individual shareholder sholding nominal sharecapital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
(c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total(A+B+C)</b>	89,99,910	90,00,090	180,00,000	100	91,79,922	88,20,078	180,00,000	100	0.00

**(ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Aditya Birla Capital Limited	9179980	50.9999%	-	9179980	50.9999%	-	0.00
2.	Sun Life (India) AMC Investments Inc.	8820000	49%	-	8820000	49%	-	0.00
3.	Mr. Kumar Mangalam Birla	10	0.00006%	-	10	0.00006%	-	0.00
4.	Ms. Neerja Birla	10	0.00006%	-	10	0.00006%	-	0.00

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. No.		Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	No change during the year			
2	Date wise Increase/Decrease in Promoters Shareholding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change during the year			
3	At the end of the year	No change during the year			

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	N.A				

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Kumar Mangalam Birla (Chairman, Non - Executive Director)	10	0.00006%	10	0.00006%
2.	Mr. A Balasubramanian (Nominee of ABCL)	26	0.00014%	26	0.00014%
3.	Mr. Parag Joglekar (Nominee of ABCL)	32	0.00017%	32	0.00017%

## V. INDEBTEDNESS

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	NIL	NIL	NIL	NIL
<b>Change in Indebtedness during the financial year</b>				
• Addition				
• Reduction				
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	NIL	NIL	NIL	NIL

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager Mr. A Balasubramanian - (Managing Director & CEO)	Total Amount
1.	Gross salary(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961(b) Value of perquisites u/s 17(2) Income-tax Act, 1961(c) Profits in lieu of salary under	5,41,05,833	5,41,05,833
2.	Stock Option	64,19,989	64,19,989
3.	Sweat Equity	-	-
4.	. Commission- as % of profit- others, specify...	-	-
5.	Others, please specify	-	-
	<b>Total (A)</b>	<b>6,05,25,822</b>	<b>6,05,25,822</b>
	Ceiling as per the Act	64,15,75,220	64,15,75,220

### B. Remuneration to other Directors:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors									Total Amount
		Mr. N. N. Jambusaria	Mr. N. C. Singhal	Prof. R. Vaidyanathan	Mr. Bobby Parikh	Mr. Bharat Patel	Ms. Alka Bharucha	Mr. Harish Engineer	Mr. Sushobhan Sarker	Mr. Navin Puri	
1.	<b>Independent Director</b>										
	• Fee for attending board, / committee meetings	2,45,000	1,90,000	2,85,000	2,40,000	3,90,000	2,60,000	2,60,000	2,60,000	1,60,000	
	• Commission	-	-	-	-	-	-	-	-	-	
	• Others, please specify	-	-	-	-	-	-	-	-	-	
	<b>Total (1)</b>	<b>2,45,000</b>	<b>1,90,000</b>	<b>2,85,000</b>	<b>2,40,000</b>	<b>3,90,000</b>	<b>2,60,000</b>	<b>2,60,000</b>	<b>2,60,000</b>	<b>1,60,000</b>	<b>22,90,000</b>
2.	<b>Other Non-Executive Directors</b>										
	• Fee for attending board /committee meetings	-	-	-	-	-	-	-	-	-	
	• Commission	-	-	-	-	-	-	-	-	-	
	• Others, please specify	-	-	-	-	-	-	-	-	-	
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>										<b>22,90,000</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER/WTD**  
(Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Mr. A Balasubramanian (Managing Director & CEO) (From 01.04. 2019 to 31.03. 2020)	Ms. Hemanti Wadhwa (Company Secretary) (From 01.04. 2019 to 31.03. 2020)	Mr. Parag Joglekar (Chief Financial Officer) (From 01.04. 2019 to 31.03. 2020)	
2	Gross salary(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961(b) Value of perquisites u/s 17(2) Income-tax Act, 1961(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	5,41,05,833	70,01,780	1,00,17,237	7,11,24,850
3	Stock Option	64,19,989	-	-	64,19,989
4	Sweat Equity	-	-	-	-
5	Commission - as % of profit - Others, specify...	-	-	-	-
6	Others, (One time payment)	-	-	-	-
	Total	6,05,25,822	70,01,780	1,00,17,237	7,75,44,839

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There are NIL penalties/punishments/compounding of offences

**FORM NO. MR.3**  
**SECRETARIAL AUDIT REPORT**

For The Financial Year Ended 31<sup>st</sup> March, 2020  
[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,

**Aditya Birla Sun Life AMC Limited,**

One India Bulls, Tower 1,

17<sup>th</sup> Floor, Jupiter Mill,

Senapati Bapat Marg,

Elphinstone Road,

Mumbai - 400013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Aditya Birla Sun Life AMC Limited** (hereinafter referred to as "**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.

Based on our verification of the Company 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 31<sup>st</sup> March, 2020 (hereinafter referred to as "**the Audit period**") 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2020, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment; **(External Commercial Borrowings is Not Applicable to the Company during the Audit Period)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not Applicable to the Company during the Audit Period)**
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during the Audit Period)**
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period)**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)** and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period).**

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. **(Not applicable to the Company during the Audit Period)**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc.

**We further report that**, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following law applicable specifically to the Company:

- (i) The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
- (ii) The Securities and Exchange Board of India (Mutual Fund) Regulations, 1996
- (iii) The Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 and The Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020 effective from 16<sup>th</sup> January, 2020
- (iv) The Securities and Exchange Board of India (Venture Capital fund) Regulations 1996.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors 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 decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**We further report that** 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.

**For Makarand M. Joshi & Co.  
Practicing Company Secretaries**

**Kumudini Bhalerao  
Partner  
FCS No. 6667  
CP No. 6690  
UDIN: F006667B000252605  
Peer Review No: P2009MH007000**

**Place:** Mumbai

**Date :** 18<sup>th</sup> May, 2020

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.



## Annexure A

To

The Board of Directors,  
**Aditya Birla Sun Life AMC Limited,**  
One India Bulls, Tower 1,  
17<sup>th</sup> Floor, Jupiter Mill,  
Senapati Bapat Marg,  
Elphinstone Road,  
Mumbai - 400013

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, we followed 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. Where ever 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 the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For Makarand M. Joshi & Co.  
Practicing Company Secretaries**

**Kumudini Bhalerao  
Partner  
FCS No. 6667  
CP No. 6690  
UDIN: F006667B000252605  
Peer Review No: P2009MH007000**

**Place:** Mumbai  
**Date :** 18<sup>th</sup> May, 2020

# Independent Auditor's Report

To the Members of Aditya Birla Sun Life AMC Limited

## Report on the Audit of the Standalone Ind AS Financial Statements

### Opinion

We have audited the accompanying standalone Ind AS financial statements of Aditya Birla Sun Life AMC Limited ("the Company"), which comprise the Balance Sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, 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 Ind AS 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 Ind AS 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 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 Ind AS financial statements.

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the 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. The Annual report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.

### Responsibility of Management for the Standalone Ind AS 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 Ind AS 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS 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 Ind AS 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 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 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 Ind AS financial statements, including the disclosures, and whether the standalone Ind AS 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.

#### Other Matter

The comparative financial information of the Company for the year ended March 31, 2019 included in these Ind AS financial statements, are audited by the predecessor auditor whose report for the year ended March 31, 2019 dated April 26, 2019 expressed an unmodified opinion on those financial statements.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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 Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
  - (h) 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 has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 27 to the standalone Ind AS financial statements;
- 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.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Rutushtra Patell**

Partner

Membership Number: 123596

UDIN: 20123596AAAAHJ9139

Place of Signature: Mumbai  
Date: May 18, 2020

**Annexure - 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date**

**Re: Aditya Birla Sun Life AMC Limited**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties included in property, plant and equipment of the Company and accordingly the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the products/services of the Company.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, profession tax, income-tax, goods and service tax, labour welfare fund and other statutory dues applicable to it, though there is a slight delay in a few cases. The provisions related to sales-tax, service tax, duty of custom, duty of excise, value added tax are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, profession tax, income-tax, goods and service tax, labour welfare fund and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer, further public offer, debt instruments or term loans, hence reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Rutushtra Patell**

Partner

Membership Number: 123596

Place of Signature: Mumbai

Date: May 18, 2020

**Annexure- 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF ADITYA BIRLA SUN LIFE AMC LIMITED****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

To the Members of Aditya Birla Sun Life AMC Limited

We have audited the internal financial controls over financial reporting of Aditya Birla Sun Life AMC Limited (the "Company") as of March 31, 2020 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 Ind AS 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 Ind AS financial statements were 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 standalone Ind AS 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 Ind AS 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 Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS 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 Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2020, 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 **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Rutushtra Patell**

Partner

Membership Number: 123596

Place of Signature: Mumbai

Date: May 18, 2020



# Standalone Ind AS Balance Sheet

as at 31st March, 2020

(₹ in lakhs)

	Particulars	Note	As at 31st March, 2020	As at 31st March, 2019
<b>I</b>	<b>ASSETS</b>			
<b>(1)</b>	<b>Financial Assets</b>			
	(a) Cash and cash equivalents	3	935.65	492.08
	(b) Bank balances other than (a) above	4	28.92	27.29
	(c) Receivables			
	(l) Trade receivables	5	3,476.52	2,190.38
	(d) Loans and advances	6	1,225.58	1,229.97
	(e) Investments	7	133,237.80	121,231.60
	(f) Other Financial Assets	8	35.67	1,586.50
	<b>Total Financial Assets</b>		<b>138,940.14</b>	<b>126,757.82</b>
<b>(2)</b>	<b>Non-Financial Assets</b>			
	(a) Current tax assets (net)		2,742.82	1,596.53
	(b) Property, Plant and Equipment	9.1	1,885.41	2,035.54
	(c) Right-to-use Assets		5,281.00	-
	(d) Capital work-in-progress		15.50	118.28
	(e) Intangible assets under development		82.75	111.05
	(f) Other Intangible Assets	9.2	1,238.54	949.84
	(g) Other non-Financial Assets	10	9,155.67	15,278.69
	<b>Total Non-Financial Assets</b>		<b>20,401.69</b>	<b>20,089.93</b>
	<b>Total Assets</b>		<b>159,341.83</b>	<b>146,847.75</b>
<b>II</b>	<b>LIABILITIES AND EQUITY</b>			
<b>(1)</b>	<b>LIABILITIES</b>			
	<b>Financial Liabilities</b>			
	(a) Payables			
	(l) Trade Payables			
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	11	4,476.39	7,564.88
	(b) Lease Liabilities		6,031.76	-
	(c) Other Financial Liabilities	12	4,435.08	4,921.26
	<b>Total Financial Liabilities</b>		<b>14,943.23</b>	<b>12,486.14</b>
<b>(2)</b>	<b>Non Financial Liabilities</b>			
	(a) Current tax liabilities (net)		-	-
	(b) Provisions	13	6,996.98	4,957.94
	(c) Deferred tax liabilities (net)	14	1,461.58	794.92
	(d) Other non-financial liabilities	15	1,332.26	2,291.60
	<b>Total Non-Financial Liabilities</b>		<b>9,790.82</b>	<b>8,044.46</b>
<b>(3)</b>	<b>Equity</b>			
	(a) Equity Share capital	16	1,800.00	1,800.00
	(b) Other Equity	17	132,807.78	124,517.15
	<b>Total Equity</b>		<b>134,607.78</b>	<b>126,317.15</b>
	<b>Total Liabilities and Equity</b>		<b>159,341.83</b>	<b>146,847.75</b>
	Contingent Liabilities and Commitments	27		
	Corporate Information and Significant Accounting Policies	1 and 2		
	The accompanying Notes are an integral part of the Financial Statements.	27-38		

As per our attached report of even date  
**For S.R. Batliboi & Co. LLP**  
Chartered Accountants  
(Firm Reg. No. 301003E/E300005)

**Rutushtra Patell**  
Partner  
(Membership No. 123596)

Place: Mumbai  
Date: 18th May, 2020

For and on behalf of the Board of Directors of  
**Aditya Birla Sun Life AMC Limited**

**Ajay Srinivasan**  
Director  
DIN: 00121181

**A. Balasubramanian**  
Managing Director and CEO  
DIN: 02928193  
Place: Mumbai  
Date: 18th May, 2020

**Sandeep Asthana**  
Director  
DIN: 00401858

**Parag Joglekar**  
Chief Financial Officer

**Hemanti Wadhwa**  
Company Secretary

# Standalone Ind AS Statement of Profit and Loss

for the year ended 31st March, 2020

(₹ in lakhs)

Particulars	Note	For the year ended	
		31st March, 2020	31st March, 2019
<b>Income</b>			
<b>Revenue from Operations</b>			
Fees and Commission	18	113,965.76	130,522.57
Net gain on Fair Value Changes	19	7,416.49	7,929.28
<b>Total Revenue from Operations</b>		<b>121,382.25</b>	<b>138,451.85</b>
Other Income	20	92.72	647.28
<b>Total Income (A)</b>		<b>121,474.97</b>	<b>139,099.13</b>
<b>Expenses</b>			
Employee Benefits Expense	21	22,947.04	26,147.86
Administrative and Other Expense	22	13,498.94	15,119.36
Fund and Marketing Expense	23	15,152.80	31,727.89
Finance cost	24	540.20	-
Depreciation and Amortisation Expense	25	3,594.48	1,303.50
Impairment in Value of Financial Instruments	26	523.00	-
<b>Total Expenses (B)</b>		<b>56,256.46</b>	<b>74,298.61</b>
<b>Profit Before Tax (C = A-B)</b>		<b>65,218.51</b>	<b>64,800.52</b>
<b>Income Tax Expense</b>			
Current tax		16,029.01	22,436.20
Deferred tax		666.66	(2,587.74)
(Excess)/Short Provision for Tax of earlier years		(67.32)	65.12
<b>Income Tax Expense (D)</b>	14	<b>16,628.35</b>	<b>19,913.58</b>
<b>Profit for the year (E = C - D)</b>		<b>48,590.16</b>	<b>44,886.94</b>
<b>Other Comprehensive Income Statement</b>			
A Items that will not be reclassified to profit or loss			
i) Actuarial Gain/ (Loss) on retirement benefits		(302.16)	(54.93)
ii) Income tax relating to the items that will not be reclassified to the Profit and Loss		76.05	19.20
<b>Other Comprehensive Income for the Year (F)</b>		<b>(226.11)</b>	<b>(35.73)</b>
<b>Total Comprehensive Income for the Year (G = E+F)</b>		<b>48,364.05</b>	<b>44,851.21</b>
<b>Earnings per share</b>			
" basic profit for the year attributable to ordinary equity shareholders	31	<b>269.95</b>	<b>249.37</b>
" diluted profit for the year attributable to ordinary equity shareholders		<b>269.95</b>	<b>249.37</b>
Corporate Information and Significant Accounting Policies	1 and 2		
The accompanying Notes are an integral part of the Financial Statements.	27-38		

As per our attached report of even date  
**For S.R. Batliboi & Co. LLP**  
 Chartered Accountants  
 (Firm Reg. No. 301003E/E300005)

**Rutushtra Patell**  
 Partner  
 (Membership No. 123596)

Place: Mumbai  
 Date: 18th May, 2020

For and on behalf of the Board of Directors of  
**Aditya Birla Sun Life AMC Limited**

**Ajay Srinivasan**  
 Director  
 DIN: 00121181

**A. Balasubramanian**  
 Managing Director and CEO  
 DIN: 02928193  
 Place: Mumbai  
 Date: 18th May, 2020

**Sandeep Asthana**  
 Director  
 DIN: 00401858

**Parag Joglekar**  
 Chief Financial Officer

**Hemanti Wadhwa**  
 Company Secretary

# Statement of changes in Equity

for the year ended 31st March, 2020

(A) EQUITY SHARE CAPITAL

(₹ in lakhs)

Equity shares of Rs. 10 each issued, subscribed and fully paid	No of shares	Amount
<b>As 1st April, 2018</b>	18,000,000	1,800.00
Issue of Shares	-	-
<b>As 31st March, 2019</b>	18,000,000	1,800.00
Issue of Shares	-	-
<b>At 31st March, 2020</b>	18,000,000	1,800.00

(B) OTHER EQUITY

For the year ended 31st March, 2020

Particulars	Reserve and Surplus			Total Equity
	Retained Earnings	General Reserve	Share premium	
<b>Balance as at 1st April, 2019</b>	123,566.26	686.66	264.23	124,517.15
Profit for the year	48,590.16	-	-	48,590.16
Other Comprehensive Income	(226.11)	-	-	(226.11)
Total Comprehensive Income	171,930.31	686.66	264.23	172,881.20
Interim Dividend paid to Equity shareholders	(33,000.00)	-	-	(33,000.00)
Dividend Distribution Tax	(6,783.25)	-	-	(6,783.25)
Opening Adjustments - 116AS (Refer Note 37)	(290.18)	-	-	(290.18)
<b>Balance as at 31st March, 2020</b>	<b>131,856.88</b>	<b>686.66</b>	<b>264.23</b>	<b>132,807.78</b>

For the year ended 31st March, 2019

Particulars	Reserve and Surplus			Total Equity
	Retained Earnings	General Reserve	Share premium	
<b>Balance as at 1st April, 2018</b>	115,203.48	686.66	264.23	116,154.37
Profit for the year	44,886.94	-	-	44,886.94
Other Comprehensive Income	(35.74)	-	-	(35.74)
Total Comprehensive Income	160,054.68	686.66	264.23	161,005.57
Interim Dividend paid to Equity shareholders	(30,000.00)	-	-	(30,000.00)
Dividend Distribution Tax	(6,057.40)	-	-	(6,057.40)
ESOP Charges	(431.02)	-	-	(431.02)
<b>Balance as at 31st March, 2019</b>	<b>123,566.26</b>	<b>686.66</b>	<b>264.23</b>	<b>124,517.15</b>

As per our attached report of even date  
**For S.R. Batliboi & Co. LLP**  
Chartered Accountants  
(Firm Reg. No. 301003E/E300005)

**Rutushtra Patell**  
Partner  
(Membership No. 123596)

Place: Mumbai  
Date: 18th May, 2020

For and on behalf of the Board of Directors of  
**Aditya Birla Sun Life AMC Limited**

**Ajay Srinivasan**  
Director  
DIN: 00121181

**A. Balasubramanian**  
Managing Director and CEO  
DIN: 02928193  
Place: Mumbai  
Date: 18th May, 2020

**Sandeep Asthana**  
Director  
DIN: 00401858

**Parag Joglekar**  
Chief Financial Officer

**Hemanti Wadhwa**  
Company Secretary

# Standalone Ind AS Cash Flow Statement

for the year ended 31st March, 2020

(₹ in lakhs)

Particulars	For the year ended 31-Mar-2020		For the year ended 31-Mar-2019	
<b>Cash Flow from Operating activities</b>				
Profit Before Tax	65,218.51		64,800.52	
<b>Adjustments for:</b>				
Depreciation and Amortisation	3,594.48		1,303.50	
Finance cost	540.20		-	
Profit on Sale of Investments	(1,635.71)		(2,793.85)	
Dividend on Investments	-		(531.22)	
Loss or (Profit) on Sale of Property, Plant & Equipment	3.60		4.87	
Fair valuation of investments	(5,780.78)		(5,135.43)	
Actuarial Gains on Gratuity	(302.16)		(54.93)	
Actuarial Expense on ESOP charges	-		(431.02)	
Interest on Tax Refund	-		(4.75)	
Interest on Fixed Deposits and Investments	(71.90)		(104.89)	
Impairment on Financial Instruments	523.00		-	
<b>Operating Profit before working capital changes</b>	<b>62,089.25</b>		<b>57,052.79</b>	
(Increase)/Decrease in Receivables	(1,286.14)		1,788.64	
(Increase)/Decrease in Loans	4.39		(173.64)	
(Increase)/Decrease in Other Financial Assets	1,493.53		(873.82)	
(Increase)/Decrease in Other Non-Financial Assets	6,099.43		4,483.64	
Increase/(Decrease) in Payables	(3,088.48)		(6,860.07)	
Increase/(Decrease) in Financial Liabilities	(486.18)		(618.18)	
Increase/(Decrease) in Non-Financial Liabilities	1,433.95		(3,322.28)	
<b>Cash generated from Operations</b>	<b>66,259.75</b>		<b>51,477.08</b>	
Income Tax paid (net)	(17,031.91)		(22,816.63)	
<b>Net cash generated from Operating activities</b>		<b>49,227.84</b>		<b>28,660.45</b>
<b>Cash Flow from Investing activities</b>				
Purchase of Property, Plant & Equipment	(1,606.37)		(2,030.23)	
Sale proceeds from Property, Plant & Equipment	19.68		37.53	
Interest on Fixed Deposits and Investments	115.09		53.82	
Dividend from Subsidiary	-		531.22	
Purchase of Investments	(105,356.20)		(188,535.71)	
Sale of Investments	100,251.38		196,730.49	
<b>Net cash generated/(used) in investing activities</b>		<b>(6,576.42)</b>		<b>6,787.12</b>
<b>Cash Flow from Financing activities</b>				
Interim Dividend Paid during the year (including tax thereon)	(39,783.25)		(36,057.40)	
Lease Liability - Interest Portion	(540.20)		-	
Lease Liability - Principal Portion	(1,884.40)		-	
<b>Net cash used in financing activities</b>		<b>(42,207.85)</b>		<b>(36,057.40)</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>443.57</b>		<b>(609.83)</b>
Cash and Cash Equivalents at beginning of the year		492.08		1,101.91
Cash and Cash Equivalents at end of the year ( Refer Note 3 )		<b>935.65</b>		<b>492.08</b>

- (1) Statement of cash flows have been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standard).
- (2) Purchase of fixed assets represents addition to property, plant and equipment, investment property and other intangible assets adjusted for movement of capital work in progress for property, plant and equipment, investment property and other intangible assets under development during the period.
- (3) Cash and cash equivalents include in the Statement of cash flows comprise the following :
- Cash and cash equivalents disclosed under Financial Assets: 935.65 492.08

As per our attached report of even date  
**For S.R. Batliboi & Co. LLP**  
 Chartered Accountants  
 (Firm Reg. No. 301003E/E300005)

For and on behalf of the Board of Directors of  
**Aditya Birla Sun Life AMC Limited**

**Rutushtra Patell**  
 Partner  
 (Membership No. 123596)

**Ajay Srinivasan**  
 Director  
 DIN: 00121181

**Sandeep Asthana**  
 Director  
 DIN: 00401858

**A. Balasubramanian**  
 Managing Director and CEO  
 DIN: 02928193  
 Place: Mumbai  
 Date: 18th May, 2020

**Parag Joglekar**  
 Chief Financial Officer

**Hemanti Wadhwa**  
 Company Secretary

Place: Mumbai  
 Date: 18th May, 2020

# Summary of Significant Accounting Policies

and other explanatory information (notes) forming part of the standalone IND AS financial statements for the year ended 31st March, 2020

## Note: 1

Aditya Birla Sun Life AMC Limited (the "Company") was incorporated on September 5, 1994. The Company is a joint venture between the Aditya Birla Company and Sun Life Financial, Inc. The share capital of the Company is owned by Aditya Birla Capital Limited (Subsidiary of Grasim Industries Limited) - and Sun Life (India) AMC Investments Inc., (wholly owned subsidiary of Sun Life Financial, Inc.)

The Company is registered with Securities and Exchange Board of India (SEBI) under the SEBI (Mutual Funds) Regulations, 1996 and the principal activity is to act as an investment manager to Aditya Birla Sun Life Mutual Fund. The Company manages the investment portfolios of Aditya Birla Sun Life Mutual Fund, India Advantage Fund Ltd, Mauritius, India Excel (Mauritius) Fund and Aditya Birla Real Estate Fund. The Company is also registered under the SEBI (Portfolio Managers) Regulations, 1993 and provides portfolio management services and investment advisory services to offshore funds and high net worth investors. Aditya Birla Sun Life AMC Limited has set-up two Alternate Investment Fund (AIF) one under Category III & other under Category II with Securities Exchange Board of India (SEBI) under the SEBI AIF Regulations, 2012. Aditya Birla Sun Life AMC Limited has been appointed as an Investment Manager of the said AIF by the Trustee to the Fund.

## Note: 2

### SIGNIFICANT ACCOUNTING POLICIES

#### i. Basis of Preparation of Financial Statements

The Financial Statements comprises of the financial statements of Aditya Birla Sun Life AMC Limited (the "Company"). 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).

For all periods up to and including the year ended 31 March 2020, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

The Company maintains accounts on accrual basis following the historical cost convention, except for certain financial instruments that are measured at fair value in accordance with Ind AS at the end of each reporting period and certain items of property, plant and equipment that were revalued in earlier years in accordance with the I-GAAP principles. The carrying value of all the items of property, plant and equipment as on date of transition is considered as the deemed cost. Fair value measurements under Ind AS are categorised as below based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets/liabilities

#### Note to the financial statements

The outbreak of 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 by 19 days across the nation to contain the spread of the virus. There has been no material change in the controls or processes followed in the closing of the financial statements of the Company.

In preparing the accompanying financial statements, the Company's management has assessed the impact of the pandemic on its operations and its assets including the value of its investments, subsidiaries, asset management rights and trade receivables as at March 31, 2020. The management does not, at this juncture, believe that the impact on the value of the Company's assets is likely to be material. However, since the revenue of the Company is ultimately dependent on the value of the assets it manages, changes in market conditions and the trend of flows into mutual funds may have an impact on the operations of the Company. Since the situation is rapidly evolving, its effect on the operations of the Company may be different from that estimated as at the date of approval of these financial results. The management has assessed its likely impact on the operations of the Company and are of the Opinion that there is no likely material impact of COVID-19 on the Company's future operations.

In the event the impact is prolonged or more severe than anticipated, this will have a corresponding impact on the carrying value of the investments, subsidiaries, asset management rights & the financial position of the Company.

#### ii. Presentation of Financial Statements

The Company presents its balance sheet in order of liquidity. 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

#### iii. Use of estimates

The preparation of the financial statements in conformity with the Indian Accounting Standards (IND AS) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets

and liabilities as of the date of financial statements and the reported amount of revenue and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual results may differ from those estimates and assumptions used in preparing the accompanying financial statements. Any revision to the accounting estimates will be recognised prospectively in the current and future periods.

**iv. Functional and Presentation currency**

The financial statements of the Company are presented in Indian rupees, the national currency of India, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates and all values are rounded to the nearest lakhs, except when otherwise indicated.

**v. Cash and Cash Equivalents (for purposes of Cash Flow Statement)**

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 Standalone 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.

**vi. Property, Plant and Equipment**

Under the previous GAAP (Indian GAAP) Property, Plant and equipment are stated at their cost of acquisition less accumulated depreciation, and impairment losses. The cost of acquisition is inclusive of taxes, duties, freight and other incidental expenses related to acquisition and installation of the assets. As on April 1, 2017, i.e. its date of transition to IND AS, the Company has used Indian GAAP carrying value as deemed costs.

The capital advances include cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

**Capital Work in Progress and Intangible assets under development**

Projects under which property plant and equipment or intangible assets are not ready for their intended use are carried at cost, comprising direct cost, inclusive of taxes, duties, freight and other incidental expenses.

**vii. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. As on April 1, 2017, i.e. its date of transition to IND AS, the Company has used Indian GAAP carrying value as deemed costs.

The intangible assets under development includes cost of intangible fixed assets that are not ready for their intended use and also includes advances paid to acquire intangible fixed assets.

Gains or losses arising from derecognition of an intangible asset 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 or loss when the asset is derecognised.

**viii. Depreciation on Property, Plant and Equipment and amortisation of intangible Assets**

Depreciation on property, plant and equipment is provided on a straight line basis at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013 except assets individually costing less than rupees five thousand which are fully depreciated in the year of purchase / acquisition. Depreciation commences when assets are ready for its intended use. Following is the summary of useful life of the assets as per management estimates and as required by the Companies Act, 2013.

No.	Particulars	Useful life (In Year)	
		Estimated Useful Life	Useful Life as Prescribed by Schedule II of the Companies Act, 2013
<b>A</b>	<b>Depreciation on property, plant and equipment</b>		
1	Computers		
	- Servers and networks*	3 Years	6 Years
	- Other	3 Years	3 Years
2	Office Equipment	5 Years	5 Years
3	Vehicles – Motor Car/Two Wheelers*	5 Years	8 Years
4	Furniture and Fixtures*	5 Years	10 Years
5	Mobile Phone (Included in office equipment)	2 Years	Not specified
6	Leasehold Improvements	3 Years	Not specified
<b>B</b>	<b>Amortisation of Intangible assets</b>		
1	Investment Management Rights	10 Years	Not specified
2	Software	3 Years	Not specified

\* Based on technical advice, Management believes that the useful life of assets reflect the periods over which they are expected to be used.

Depreciation on assets acquired/sold during the year is recognized on a pro-rata basis in the Statement of Profit and Loss from/till the date of acquisition/sale.



**ix. Impairment of non-financial assets**

The carrying amounts of non-financial assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is treated impaired when the carrying cost of an asset exceeds its recoverable value. The recoverable amount is the greater of the assets' fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. An impairment loss, if any, is charged to Statement of Profit and Loss Account in the year in which an asset is identified as impaired. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**x. Financial Instruments**

**Financial instruments:**

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instruments.

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trade) are recognised on trade date while, loans and borrowings are recognised net of directly attributable transactions costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI, financial assets at fair value through profit and loss account (FVTPL) and financial liabilities at amortised cost or FVTPL. The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires. The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

**Classification of Financial assets:**

**a) Financial assets at amortised cost**

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- Reports reviewed by the entity's key management personnel on the performance of financial assets
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- The compensation of the managing teams (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of trades

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.



Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

Financial assets at amortised cost are represented by investments in interest bearing debt instruments, trade receivables, security deposits, cash and cash equivalents, employee and other advances and other financial assets.

**b) Debt Instruments at FVTOCI**

A debt instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- the asset's contractual cash flow represent SPPI debt instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value plus transaction costs.

Fair value movements are recognised in other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gains and losses in Profit or Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss. Interest earned is recognised under the expected interest rate (EIR) model. Currently the Company has not classified any interest-bearing debt instrument under this category.

**c) Equity instruments at FVTOCI and FVTPL**

All equity instruments are measured at fair value. Equity instruments held for trading is classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI which are not subsequently recycled to Profit or Loss. Currently the Company has not classified any equity instrument at FVTOCI. For all equity instruments at FVTPL, all fair value changes on the instruments and dividend are recognised in Profit or Loss.

**d) Financial assets at FVTPL**

FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as FVTPL. In addition, the Company may elect to designate the financial asset, which otherwise meets amortised cost or FVTOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Earmarked Funds: Earmarked Funds represent deposits, margins, etc. held for specific purposes. These amounts are invested and the same are earmarked in the Balance Sheet. The Gain/(Loss) on Fair Value of the investments from these earmarked funds are shown as liabilities/asset and are not routed through the Profit or Loss.

**Financial liabilities**

**a) Financial liabilities at amortised cost**

Financial liabilities at amortised cost represented by trade and other payables are initially recognised at fair value and subsequently carried at amortized cost using the effective interest rate method.

**b) Financial liabilities at FVTPL**

Financial liabilities at FVTPL represented by contingent consideration that are measured at fair value with all changes recognised in the Statement of Profit and Loss.

**xi. Investments**

- a) Investments in Equity shares of subsidiary & other Equity investments are stated at cost. In case of diminution, other than temporary, in the value there of, a provision is made for the same.
- b) Investments in bonds are valued at amortised cost.
- c) Investments in Mutual Funds and Alternate Investment Funds are valued at Fair Value through profit and loss account.
- d) Income from sale of Investments is determined on weighted average basis and recognized on the trade date basis.

**xii. Revenue Recognition**

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind AS.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks.

- a) Management fees are recognized on accrual basis at specific rates, applied on the average daily net assets of each scheme. The fees charged are in accordance with the terms of Scheme Information Documents of respective schemes and are in line with the provisions of SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.
- b) Portfolio Management Fees are recognized on an accrual basis as per the terms of the contract with the customers.
- c) Management fees from other services are recognized on an accrual basis as per the terms of the contract with the customers at specific rates applied on net assets.
- d) Dividend income is recognised when the right to receive dividend is established.
- e) Interest income from financial assets, is recognised on a time proportion basis, taking into account the amount outstanding and the rate applicable.

#### xiii. Foreign currency transactions and balances

The Company's Standalone financial statements are presented in INR, which is also the Company's functional currency. Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using closing rate of exchange at the end of the year. The resulting exchange gain/loss is reflected in the Statement of Profit and Loss. Other non-monetary items, like Property Plant & Equipment/ Intangible Assets, investments in equity shares are carried in terms of historical cost using the exchange rate at the date of transaction.

#### xiv. Employee Benefits

- a) Provident Fund: Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund. All eligible employees are covered under statutory provident fund and contributions are accounted on an accrual basis.
- b) Gratuity: The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.
- c) Superannuation: Superannuation benefit for the eligible employees is covered by the Superannuation Scheme with Aditya Birla Sun Life Insurance Company Limited the contribution is accounted on accrual basis.
- d) Leave Encashment: Provision for leave encashment is made on the basis of actuarial valuation of the expected liability.
- e) Long Term Incentive Plan: The Company has long term incentive plan for different cadre of employees. The same is actuarially determined and assessed on yearly basis.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

#### xv. Leases

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 underlying asset. The right-of-use assets are also subject to impairment. Refer Note 2(x) on impairment of non-financial assets.

The lease liability is initially measured at the present value of the future lease payments. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

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.

**xvi. Earnings per share ("EPS")**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

**xvii. Taxes**

**Current tax:**

Current tax assets and liabilities for the current and prior years 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, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised 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 provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ii. In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- i. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any

remaining deferred tax benefits are recognised in OCI/capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

Goods and services tax/value added taxes paid on acquisition of assets or on incurring expenses.

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii. When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**xviii. Provisions and Contingencies**

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best 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 best estimates.

Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

**xix. Employee Stock Options**

A separate Employee stock options scheme ("the scheme") has been established by Parent Company (i.e. Aditya Birla Capital Limited). The scheme provides that employees are granted an option to subscribe to equity shares of the Holding Company that vest in a graded manner. The options may be exercised within a specified period. Measurement and disclosure of Employee share based payment plan is done in accordance with SEBI (Employee stock option scheme and Employee stock purchase scheme) Guidelines, 1999 and the guidance note on Accounting for Employee share based payments, issued by the ICAI. The Holding Company follows the intrinsic value method to account for its stock-based employee compensation plans. The cost incurred by the Holding Company, in respect of options granted to employees of the Company is charged to the Statement of Profit and Loss during the year and recovered by the Parent Company.

**xx. Cash Dividend to equity holders of the parent**

The Company recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**NOTE: 3 - Cash and Cash equivalents**

(₹ in lakhs)

	31-Mar-2020	31-Mar-2019
Cash on Hand	0.18	0.03
Balances with Bank		
- Current Accounts	393.73	431.77
- Deposit Accounts ( with original maturity less than 3 months)	541.74	60.28
<b>Total Cash and Cash equivalents</b>	<b>935.65</b>	<b>492.08</b>

Note:- Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The Group has not taken any bank overdraft, therefore the cash and cash equivalent for cash flow statement is same as cash and cash equivalent given above.

**NOTE: 4 - Bank Balances other than cash and cash equivalents**

(₹ in lakhs)

	31-Mar-2020	31-Mar-2019
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	28.92	27.29
<b>Total Bank Balances other than cash and cash equivalents</b>	<b>28.92</b>	<b>27.29</b>

**NOTE: 5 - Trade Receivables**

(₹ in lakhs)

	31-Mar-2020	31-Mar-2019
<u>Unsecured, considered good</u>		
Asset Management and Advisory Fees receivable	2,802.98	747.34
Portfolio Management Fees receivable	534.14	717.73
Management Fees receivable from Other Services	139.40	139.72
Real Estate Management Fees receivable	-	585.59
Less: Impairment loss allowance	-	-
<b>Total Trade Receivables</b>	<b>3,476.52</b>	<b>2,190.38</b>

**NOTE: 6 - Loans and Advances (at Amortised cost)**

(₹ in lakhs)

	31-Mar-2020	31-Mar-2019
Deposits to Related Parties (Refer note 30 )	96.52	96.52
Security Deposits	1,129.06	1,133.45
Less: Impairment Loss Allowance	-	-
<b>Total Loans and Advances</b>	<b>1,225.58</b>	<b>1,229.97</b>
a) Secured by tangible assets (property, plant and equipment including land and building)		
b) Secured by Intangible assets	-	-
c) Covered by bank and government guarantee	-	-
d) Unsecured	1,225.58	1,229.97
Less: Impairment loss allowance	-	-
<b>Total Loans and Advances</b>	<b>1,225.58</b>	<b>1,229.97</b>
<b>Loans In India</b>		
i) Public Sector	-	-
ii) Others:		
Deposit to Related Parties (Refer note 30)	96.52	96.52
Security Deposits	1,129.06	1,133.45
Less: Impairment Loss allowance	-	-
<b>Total (I)</b>	<b>1,225.58</b>	<b>1,229.97</b>
<b>Loans outside India</b>		
i) Public Sector	-	-
ii) Others:	-	-
Less: Impairment loss allowance	-	-
<b>Total (II)</b>	<b>-</b>	<b>-</b>
<b>Total Loans and Advances (I + II)</b>	<b>1,225.58</b>	<b>1,229.97</b>

**NOTE: 7 - Investments**

(₹ in lakhs)

Particulars	31-Mar-2020				31-Mar-2019			
	Amortised Cost	At Fair Value through Profit or Loss	At cost	Total	Amortised Cost	At Fair Value through Profit or Loss	At cost	Total
Mutual Funds	-	123,819.80	-	123,819.80	-	111,272.60	-	111,272.60
Debt Securities	115.81	-	-	115.81	115.81	-	-	115.81
Equity Instruments	-	-	70.00	70.00	-	-	5.00	5.00
Subsidiaries	-	-	7,425.37	7,425.37	-	-	7,425.37	7,425.37
Alternative Investment funds	-	2,329.82	-	2,329.82	-	2,412.82	-	2,412.82
<b>Total Gross Investments (A)</b>	<b>115.81</b>	<b>126,149.62</b>	<b>7,495.37</b>	<b>133,760.80</b>	<b>115.81</b>	<b>113,685.42</b>	<b>7,430.37</b>	<b>121,231.60</b>
Less: Allowance for Impairment	-	-	523.00	523.00	-	-	-	-
<b>Total Net Investments</b>	<b>115.81</b>	<b>126,149.62</b>	<b>6,972.37</b>	<b>133,237.80</b>	<b>115.81</b>	<b>113,685.42</b>	<b>7,430.37</b>	<b>121,231.60</b>
Investments Outside India	-	-	7,425.37	7,425.37	-	-	7,425.37	7,425.37
Investments in India	115.81	126,149.62	70.00	126,335.43	115.81	113,685.42	5.00	113,806.23
<b>Total (B)</b>	<b>115.81</b>	<b>126,149.62</b>	<b>7,495.37</b>	<b>133,760.80</b>	<b>115.81</b>	<b>113,685.42</b>	<b>7,430.37</b>	<b>121,231.60</b>
Less: Allowance for Impairment	-	-	523.00	523.00	-	-	-	-
<b>Total Net Investments</b>	<b>115.81</b>	<b>126,149.62</b>	<b>6,972.37</b>	<b>133,237.80</b>	<b>115.81</b>	<b>113,685.42</b>	<b>7,430.37</b>	<b>121,231.60</b>

**Note 8 - Other Financial Assets**

(₹ in lakhs)

	31-Mar-2020	31-Mar-2019
<b>At Amortised Cost:</b>		
Application money towards Investments	-	65.00
Recoverable From Schemes	-	1,465.09
Receivable from related party (Refer Note 30)	22.46	0.73
Interest accrued	-	55.68
Reimbursement receivable	13.21	-
Less : Impairment loss allowance	-	-
<b>Total Other Financial Assets</b>	<b>35.67</b>	<b>1,586.50</b>

**NOTE: 9.1 - Property, Plant and Equipment**

(₹ in lakhs)

	Computers	Furniture and Fixtures	Vehicles	Office Equipment	Leasehold Improvements	Total
<b>Gross Block</b>						
<b>As at 1 April 2018</b>	<b>739.31</b>	<b>96.59</b>	<b>614.88</b>	<b>440.65</b>	<b>553.03</b>	<b>2,444.46</b>
Additions	444.12	72.22	230.98	267.60	306.33	1,321.25
Disposals	2.00	0.09	58.53	3.11	0.20	63.93
<b>As at 31 March 2019</b>	<b>1,181.43</b>	<b>168.72</b>	<b>787.33</b>	<b>705.14</b>	<b>859.16</b>	<b>3,701.78</b>
Additions	247.99	57.85	213.10	183.08	239.24	941.26
Disposals	44.05	1.21	40.83	2.39	5.31	93.79
<b>As at 31 March 2020</b>	<b>1,385.37</b>	<b>225.36</b>	<b>959.60</b>	<b>885.83</b>	<b>1,093.09</b>	<b>4,549.25</b>
<b>Accumulated Depreciation and Impairment</b>						
<b>As at 1 April 2018</b>	<b>288.26</b>	<b>37.85</b>	<b>102.91</b>	<b>108.71</b>	<b>190.80</b>	<b>728.53</b>
Charge for the year	342.58	64.05	152.37	141.93	258.31	959.24
Disposals	1.38	0.09	17.75	2.10	0.20	21.53
<b>As at 31 March 2019</b>	<b>629.46</b>	<b>101.81</b>	<b>237.53</b>	<b>248.54</b>	<b>448.91</b>	<b>1,666.24</b>
Charge for the year	363.29	60.73	171.38	171.71	301.00	1,068.11
Disposals	43.55	0.76	18.76	2.13	5.31	70.51
<b>As at 31 March 2020</b>	<b>949.20</b>	<b>161.78</b>	<b>390.15</b>	<b>418.12</b>	<b>744.60</b>	<b>2,663.84</b>
<b>Net block amount as at 31 March 2019</b>	<b>551.97</b>	<b>66.90</b>	<b>549.80</b>	<b>456.60</b>	<b>410.26</b>	<b>2,035.54</b>
<b>Net block amount as at 31 March 2020</b>	<b>436.17</b>	<b>63.56</b>	<b>569.45</b>	<b>467.71</b>	<b>348.49</b>	<b>1,885.41</b>

**NOTE: 9.2 - Other Intangible Assets** (other than internally generated) (₹ in lakhs)

	Software	Investment Management Rights(Refer Note 28)	Total
<b>Gross Block</b>			
<b>As at 1 April 2018</b>	744.36	284.90	<b>1,029.25</b>
Additions	509.18	-	<b>509.18</b>
Disposals	-	-	-
<b>As at 31 March 2019</b>	<b>1,253.54</b>	<b>284.90</b>	<b>1,538.44</b>
Additions	824.31	-	<b>824.31</b>
Disposals	3.04	-	3.04
<b>As at 31 March 2020</b>	<b>2,074.81</b>	<b>284.90</b>	<b>2,359.71</b>
<b>Accumulated Amortization and Impairment</b>			
<b>As at 1 April 2018</b>	206.49	37.85	244.34
Charge for the year	306.41	37.85	<b>344.26</b>
Disposal	-	-	-
<b>As at 31 March 2019</b>	<b>512.90</b>	<b>75.70</b>	<b>588.60</b>
Charge for the year	497.77	37.85	<b>535.62</b>
Disposals	3.05	-	3.05
<b>As at 31 March 2020</b>	<b>1,007.62</b>	<b>113.55</b>	<b>1,121.17</b>
<b>Net block amount as at 31 March 2019</b>	<b>740.62</b>	<b>209.20</b>	<b>949.84</b>
<b>Net block amount as at 31 March 2020</b>	<b>1,067.19</b>	<b>171.35</b>	<b>1,238.54</b>

**NOTE: 10 - Other Non-Financial Assets** (₹ in lakhs)

	31-Mar-2020	31-Mar-2019
Prepaid expenses	6,011.22	12,613.83
Tax Appeal Pre Deposit	-	6.52
Capital advance for Tangible Assets	13.89	37.49
Advance for materials & Services	551.81	589.76
Gratuity - Plan Funded Asset (Refer Note 29)	2,578.75	2,031.09
<b>Total Other Non-Financial Assets</b>	<b>9,155.67</b>	<b>15,278.69</b>

**NOTE: 11 - Trade Payables** (₹ in lakhs)

	31-Mar-2020	31-Mar-2019
Trade Payables		
Related Parties (Refer Note 30)	994.83	570.26
Others		
- Total outstanding dues to micro enterprises and small enterprises*	-	-
- Total outstanding dues to creditors other than micro enterprises and small enterprises	3,481.56	6,994.62
<b>Total Trade Payables</b>	<b>4,476.39</b>	<b>7,564.88</b>

\*This information is required to be disclosed under MSMED Act(2006), has been determined to the extent such parties have been identified on the basis of information available with the company and relied upon by the auditors.

**NOTE: 12 - Other Financial Liabilities** (measured at amortised cost) (₹ in lakhs)

	31-Mar-2020	31-Mar-2019
Other Payable - Employee dues	4,207.51	4,896.76
Payables for Capital Expenditure	80.47	24.50
Payable to Schemes	147.10	-
<b>Total Other Financial Liabilities</b>	<b>4,435.08</b>	<b>4,921.26</b>



**NOTE: 13 - Provisions**

(₹ in lakhs)

	31-Mar-2020	31-Mar-2019
<b>Provision for Employee Benefits</b>		
Leave Encashment	303.71	312.97
Gratuity (Refer Note 29)	2,678.22	2,033.68
Provision for Long Term Incentive Plan	4,015.05	2,611.29
<b>Total Provisions</b>	<b>6,996.98</b>	<b>4,957.95</b>

**NOTE: 14 - Deferred Tax Liabilities**

(₹ in lakhs)

	31-Mar-2020	31-Mar-2019
Depreciation	495.06	612.08
Provision for Expenses	932.66	927.08
Fair Valuation of Investments	(2,577.22)	(2,334.08)
Lease Liability net of Right-to-use Assets	(312.08)	-
<b>Deferred Tax Liabilities</b>	<b>(1,461.58)</b>	<b>(794.92)</b>
<b>Tax Reconciliation</b>		
(a) Income before tax	65,218.51	64,800.52
(b) Expected tax rate in India	25.168%	34.944%
(c) Expected tax amount	16,414.20	22,643.89
(d) Tax impact on:		
Dividend income from foreign subsidiary	-	92.81
Long Term Capital Gains (Debt)	421.31	898.18
Short term Capital Gains (Equity)	9.13	1.52
Short term Capital Gains (Debt)	371.12	699.96
Long term Capital Gains (Equity)	(0.84)	5.20
Expenses disallowed/(allowed) as per income tax computation	(1,185.90)	(1,905.36)
(e) Deferred tax	666.66	(2,587.74)
(f) Net adjustments (c+d+e)	16,695.67	19,848.46
(g) Current tax expenses of earlier years	(67.32)	65.12
(h) Tax expenses recognised in Profit and Loss Account	<b>16,628.35</b>	<b>19,913.58</b>

Note: The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws [Amendment] Ordinance, 2019 dated September 20, 2019. Accordingly, the Company has recognized Provision for Income Tax for the year ended March 31, 2020 and re-measured its net Deferred Tax Liabilities basis the rate prescribed in the said section and recognised the impact of the above changes up to March 31, 2020 in the financial statements for the year ended March 31, 2020.

**NOTE: 15 - Other Non Financial Liabilities**

(₹ in lakhs)

	31-Mar-2020	31-Mar-2019
Future lease rent liability	-	354.23
Payable on account of Statutory Dues :		
- Withholding Tax payable	232.64	178.60
- GST payable	971.24	1,581.96
- Professional Tax payable	1.44	0.88
- Employee provident fund & Other dues payable	126.94	108.75
Fees received in advance	-	67.18
<b>Total Other Non Financial Liabilities</b>	<b>1,332.26</b>	<b>2,291.60</b>

**NOTE: 16 - Equity Share Capital**

(₹ in lakhs)

	31-Mar-2020	31-Mar-2019
<b>Authorised:</b>		
Equity Shares of Rs. 10 each	2,000.00	2,000.00
20,000,000 (31 March, 2019 : 20,000,000 ) Equity shares fully paid up		
<b>Issued, Subscribed and Paid up</b>		
Equity Shares of Rs. 10 each	1,800.00	1,800.00
18,000,000 (31 March, 2019 : 18,000,000 ) Equity shares fully paid up		
<b>Total Issued, Subscribed and Paid up</b>	<b>1,800.00</b>	<b>1,800.00</b>

**a. 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. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the company after distributions of all preferential amounts. However, no such preferential amount exist currently. The distribution will be in the proportion to the number of equity shares held by the shareholders.

**b. Reconciliation of the shares outstanding at the beginning and at the end of the year.**

Description	No. of Equity shares	Amount (in lakhs)
As at 1st April, 2018	18,000,000	1,800.00
Issued during the year	-	-
As at 31st March, 2019	18,000,000	1,800.00
Issued during the year	-	-
As at 31st March, 2020	18,000,000	1,800.00

There are no Equity Shares issued as fully paid-up pursuant to any contract in consideration of other than cash or bonus shares or bought back during the preceding five years.

**c. Shares in the Company held by each shareholder holding more than 5 percent shares specifying the number of shares held.**

Name of the Shareholder	31-Mar-2020		31-Mar-2019	
	No. of Equity shares held	% of Shareholding	No. of Equity shares held	% of Shareholding
Aditya Birla Capital Limited and its Nominees	9,179,980	51.00%	9,179,980	51.00%
Sun Life (India) AMC Investment Inc. Canada	8,820,000	49.00%	8,820,000	49.00%

**d. Shares held by holding/ ultimate holding company and or their subsidiaries/associates**

Name of the Shareholder	31-Mar-2020	31-Mar-2019
Aditya Birla Capital Limited, the holding company	9,179,980	9,179,980

**NOTE: 17 - OTHER EQUITY**

(₹ in lakhs)

<b>1</b>	<b>Securities Premium Account</b>	
	<b>At 1st April, 2018</b>	264.23
	Arising during the year	-
	Utilised during the year	-
	<b>At 31st March, 2019</b>	<b>264.23</b>
	<b>At 31st March 2020</b>	<b>264.23</b>
<b>2</b>	<b>General Reserve</b>	
	<b>At 1st April, 2018</b>	686.66
	Arising during the year	-
	Utilised during the year	-
	<b>At 31st March, 2019</b>	<b>686.66</b>
	<b>At 31st March 2020</b>	<b>686.66</b>
<b>3</b>	<b>Surplus as per Profit &amp; Loss Account</b>	
	<b>At 1st April, 2018</b>	115,928.90
	Profit for the year	44,886.94
	Opening Adjustments	-
	ESOP Charges	(431.02)
	Dividend for the year	(30,000.00)
	Dividend Distribution Tax	(6,057.40)
	<b>At 31st March 2019</b>	<b>124,327.42</b>
	Profit for the year	48,590.16
	Opening Adjustments - 116AS (Refer Note 37)	(290.18)
	ESOP Charges	-
	Dividend for the year*	(33,000.00)
	Dividend Distribution Tax	(6,783.25)
	<b>At 31st March 2020</b>	<b>132,844.15</b>
<b>4</b>	<b>Other Comprehensive Income</b>	
	<b>At 1st April, 2018</b>	(725.42)
	Arising during the year	(54.93)
	Utilised during the year	19.20
	<b>At 31st March, 2019</b>	<b>(761.15)</b>
	Arising during the year	(302.16)
	Utilised during the year	76.05
	<b>At 31st March 2020</b>	<b>(987.26)</b>
	<b>Total Other Equity</b>	
	As at 31st March, 2019	<b>124,517.15</b>
As at 31st March, 2020	<b>132,807.78</b>	

* Cash dividends on equity shares declared and paid:	31-Mar-2020	31-Mar-2019
Interim dividend for the year ended on 31 March 2020: INR 183.33 per share (31 March 2019: INR 167.67 per share)	33,000.00	30,000.00
DDT on interim dividend	6,783.25	6,057.40
	<b>39,783.25</b>	<b>36,057.40</b>

**Nature and Purpose of the reserves**

**Securities Premium:**

Securities Premium is used to record the premium (amount received in excess of face value of equity shares) on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

**General reserve:**

Pursuant to the provisions of Companies Act, 1956, the Company had transferred a portion of the net profit of the Company before declaring dividend to general reserve. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

**Retained earnings:**

Retained earnings are the profits that a company has earned to date, less any dividends or other distributions paid to the Shareholders, net of utilisation as permitted under applicable regulations.

**NOTE: 18 - Revenue From Operations** (₹ in lakhs)

	31-Mar-2020	31-Mar-2019
Asset Management and Advisory Fees	107,022.87	120,764.56
Portfolio Management Fees	5,306.36	7,668.47
Management Fees from Other Services	1,636.53	2,089.54
<b>Total Revenue From Operations</b>	<b>113,965.76</b>	<b>130,522.57</b>

**NOTE: 19 - Net Gain on Fair Value Changes** (₹ in lakhs)

	31-Mar-2020	31-Mar-2019
<b>Net gain /(loss) on financial instruments at fair value through profit or loss</b>		
On trading portfolio investments	7,416.49	7,929.28
<b>Total Net gain/(loss) on fair value changes</b>	<b>7,416.49</b>	<b>7,929.28</b>
<b>Fair Value Changes</b>		
Realised (Gain on sale of Investments(net))	1,635.71	2,793.85
Unrealised (Fair value gain on financial instrument at fair value through profit and loss)	5,780.78	5,135.43
<b>Total Net Gain on Fair Value Changes</b>	<b>7,416.49</b>	<b>7,929.28</b>

**NOTE: 20 - Other Income** (₹ in lakhs)

	31-Mar-2020	31-Mar-2019
Interest Income	71.90	109.64
Dividend Income on investments	-	531.22
Miscellaneous income	20.82	6.42
<b>Total Other Income</b>	<b>92.72</b>	<b>647.28</b>

**NOTE: 21 - Employee Benefit Expense** (₹ in lakhs)

	31-Mar-2020	31-Mar-2019
Salaries and allowances	20,159.55	21,836.45
Contribution to provident and other funds	743.46	660.94
Gratuity expenses ( Refer note 29)	257.79	242.00
Staff welfare expenses	714.60	1,483.23
Employee Stock Option Plan (ESOP) expenses	1,071.64	1,925.24
<b>Total Employee Benefit Expense</b>	<b>22,947.04</b>	<b>26,147.86</b>

**NOTE: 22 - Administrative and Other Expense**

(₹ in lakhs)

	31-Mar-2020	31-Mar-2019
Rent	208.69	2,593.80
Repairs and Maintenance	1,159.36	1,234.68
Insurance	407.02	313.39
Rates and Taxes	227.09	400.58
Electricity	359.16	345.51
Software and Technology Expenses	1,925.46	1,705.55
Database Research Expenses	732.92	560.35
Travelling and Conveyance	1,264.72	1,366.31
Communication Expenses	549.35	534.03
Outsourced Fund Accounting Expenses	447.80	741.08
Legal and Professional Charges	1,390.90	1,170.66
Auditor's Remuneration :		
- Audit Fees	18.00	18.00
- Tax Audit Fees	6.00	6.00
- Other Services	11.90	11.90
- Reimbursement of expenses	0.44	0.33
Services Charges	2,419.61	2,098.76
Directors Sitting Fees	22.90	27.35
Printing and Stationery	295.14	365.43
Loss on Sale of Fixed Assets (net)	3.60	4.87
Asset Utilisation Charges	473.20	326.30
Bank Charges	6.14	9.79
Miscellaneous Expenses	673.96	574.98
Foreign Exchange Loss (net)	22.98	4.16
Donation	3.60	6.55
Corporate Social Responsibility Expenses (Refer note 33)	869.00	699.00
<b>Total Administrative and Other Expense</b>	<b>13,498.94</b>	<b>15,119.36</b>

**NOTE: 23 - Fund and Marketing Expenses**

(₹ in lakhs)

	31-Mar-2020	31-Mar-2019
Fund Expenses	4,753.11	18,368.49
Business Promotion Expenses	6,743.51	8,393.94
PMS Related Expenses	3,656.18	4,965.46
<b>Total Fund and Marketing Expenses</b>	<b>15,152.80</b>	<b>31,727.89</b>

**NOTE: 24 - Finance Cost**

(₹ in lakhs)

	31-Mar-2020	31-Mar-2019
Finance Cost on Lease liabilities (Refer Note 37)	540.20	-
<b>Total Finance Cost</b>	<b>540.20</b>	<b>-</b>

**NOTE: 25 - Depreciation and Amortisation Expenses** (₹ in lakhs)

	31-Mar-2020	31-Mar-2019
Depreciation on Right-of-use Assets (Refer Note 37)	1,990.75	-
Depreciation on Property, Plant & Equipment	1,068.11	959.24
Amortisation of Intangible Assets	535.62	344.26
<b>Total Depreciation and Amortisation Expenses</b>	<b>3,594.48</b>	<b>1,303.50</b>

**NOTE: 26 - Impairment on Financial Instruments** (₹ in lakhs)

	31-Mar-2020	31-Mar-2019
Investments	523.00	-
<b>Total Impairment on Financial Instruments</b>	<b>523.00</b>	<b>-</b>

**Other Notes to Accounts:****27. Contingent Liabilities and Commitments****(i) Contingent Liabilities:**

(₹ in lakhs)

No.	Particulars	As at March 31, 2020	As at March 31, 2019
	Claims against the Company not acknowledged as debts in respect of;		
i)	Income tax matters	345.70	401.97
ii)	Sales tax matters (including interest and penalty)	-	151.29
iii)	Other matters	83.05	83.05

Aditya Birla Real Estate Fund has received an Assessment order from Income Tax for AY 2017-18 demanding ₹ 22.19 Cr (including interest of ₹ 5.54 Cr). Similar demand has been raised on Fund for AY 2016-17 where the Fund had filed an appeal in CIT(A) where the ruling was in favour of the Fund.

**(ii) Commitments - Unexecuted Contracts:**

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Commitments for the acquisition of property, plant and equipment	292.88	432.85
Commitments for investment activities	-	95.00

**28. Management Rights**

During the financial year ended March 31, 2015 Aditya Birla Sun Life Trustee Company Private Limited took over the mutual fund schemes from ING Trust Company Private Limited and simultaneously the Company acquired the right to manage the said schemes from ING Asset Management (India) Private Limited.

The consideration paid to acquire the right to manage the said schemes along with the incidental expenditure incurred thereon aggregating to ₹ 378.51 lakhs has been treated as Investment Management Rights. The Investment Management Right will be amortized over a period of 120 months. For the year ended March 31, 2020, an amount of ₹ 37.85 lakhs (Previous year ₹ 37.85 lakhs) has been amortised. Balance life of Investment Management Rights is 54 months.

**29. Employee Benefits**

In accordance with the Indian Accounting Standard (Ind AS) 19 "Employee Benefits", the Company has classified the various benefits provided to the employees as under:

**a. Defined Contribution Plan**

Defined Contribution Plan – The Company has recognized the following amounts in the Statement of Profit and Loss Account which are included under contribution to Provident Fund and other funds.

(₹ in lakhs)

No.	Particulars	As at March 31, 2020	As at March 31, 2019
i)	Employers Contribution to Provident Fund (PF)	468.18	428.86
ii)	Employers Contribution to Employees Pension Fund	145.82	127.75
iii)	Employers Contribution to Labour Welfare Fund	0.50	0.38

Above figures are excluding contribution to PF and Other Funds of ₹ 119.41 lakhs (Previous year ₹ 103.95 lakhs) reimbursed to related parties – Aditya Birla Financial Shared Services Limited and Aditya Birla Capital Limited.

**b. ESOP**

Pursuant to ESOP Plan being established by the Parent company (i.e. Aditya Birla Capital Limited), additional stock options were granted to the employees of the Company during the previous financial year. Total cost incurred by the Parent company till date is being recovered from the Company over the period of vesting. Accordingly, a sum of Rs. 1,071.66 lakhs (Previous year 2,358.45 lakhs) has been recovered from the Company during the year, of which Rs.1071.66 lakhs has been charged to the Statement of Profit and Loss. The balance sum of Rs. 766.83 lakhs will be recovered in future periods.

**c. Gratuity (Defined Benefit Plan)**

The following table sets out the status of the gratuity plan as required under IND AS 19 as certified by actuary. Reconciliation of opening and closing balances of the present value of the defined benefit obligation.

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Amounts recognised in the Balance Sheet in respect of Gratuity</b>		
Present Value of the funded Defined Benefit Obligations at the end of the year	2,678.22	2,033.68
Fair Value of Plan Assets	(2,578.75)	(2,031.09)
<b>Net (Asset) / Liability</b>	99.47	2.59

<b>Amounts recognised in Employee Benefits Expenses in the Statement of Profit and Loss</b>		
<b>In respect of Gratuity</b>		
<b>Amounts recognised during the period:</b>		
In Income Statement	257.79	242.00
In Other Comprehensive Income	211.68	38.16
<b>Total Expenses Recognised during the period</b>	469.47	280.16

<b>Actual Return on Plan Assets:</b>		
Expected Return on Plan Assets	153.67	124.71
Actuarial Gain/(Loss) on Plan Assets	98.20	23.65
<b>Actual Return on Plan Assets:</b>	251.87	148.36

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Reconciliation of Present Value of Obligation and the Fair Value of the Plan Assets:</b>		
<b>Change in Present Value of the Obligations:</b>		
Opening Defined Benefit Obligations	2,033.68	1,738.63
Current Service Cost	257.59	234.67
Interest Cost	153.86	132.04
Actuarial (Gain)/Loss arising from:		
- changes in demographic assumptions	(1.94)	-
- changes in financial assumptions	276.12	39.43
- experience variance (i.e. actual experience vs assumption)	35.70	22.37
Liabilities Settled on Divestment	-	-
Benefits Paid	(76.81)	(133.46)
<b>Closing Defined Benefit Obligations</b>	2,678.22	2,033.68
<b>Change in Fair Value of the Plan Assets:</b>		
Opening Fair Value of the Plan Assets	2,031.10	1,642.06
Expected Return on the Plan Assets	153.67	124.71
Actuarial (Gain)/Loss	98.20	23.65
Contributions by the Employer	372.60	374.13
Asset Distributed on Divestment	-	-
Benefits Paid	(76.81)	(133.46)
<b>Closing Fair Value of the Plan Assets</b>	2,578.75	2,031.09



(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Expense Recognised in Income Statement</b>		
Current Service Cost	257.59	234.67
Net Interest cost / (income) on the defined Benefit Liability / (Asset)	0.20	7.33
<b>Expense Recognised in Income Statement</b>	<b>257.79</b>	<b>242.00</b>
<b>Other Comprehensive Income</b>		
Actuarial (Gain)/Loss arising from:		
- changes in demographic assumptions	(1.94)	-
- changes in financial assumptions	276.12	39.43
- experience variance (i.e. actual experience vs assumption)	35.70	22.37
Return on plan asset, excluding amount recognised in net interest expense	(98.20)	(23.65)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>211.68</b>	<b>38.15</b>
<b>Investment details of Plan Assets</b>		
<b>Plan assets are invested with:</b>		
Aditya Birla Sun Life Insurance Company Limited	2,578.74	2,031.09
<b>Composition of the plan assets are as follows:</b>	<b>Allocation %</b>	<b>Allocation %</b>
Government Bonds	19.93%	29.33%
Corporate Bonds	61.00%	63.00%
Others	19.07%	7.67%
<b>Assumptions</b>		
Discount rate	6.55%	7.55%
Return on Plan Assets	6.55%	7.55%
Compensation Escalation rate	8.5% for first five years, 7.5% for next five years, 6.5% for next five years and 5% thereafter	8.5% for first five years, 7.5% for next five years, 6.5% for next five years and 5% thereafter
Average Age	33.52	33.32
Mortality Basis	Indian Assured Lives mortality (2012-14)	Indian Assured Lives mortality (2006-2008) ultimate
Withdrawal/Attrition rate (based on age)	20% up to 30 years, 10% - 31-44 years, 5% above 44 years	20% up to 30 years, 10% - 31-44 years, 5% above 44 years

**A. Sensitivity Analysis:**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis are given below:

(₹ in lakhs)

No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	Defined Benefit Obligation (Base)	2,678.22	2,033.68

(₹ in lakhs)

No.	Particulars	As at March 31, 2020		As at March 31, 2019	
		Decrease	Increase	Decrease	Increase
1	Discount Rate (- / + 0.50 %) (% change compared to base due to sensitivity)	2,812.67 5.0%	2,553.19 -4.7%	2,132.81 4.9%	1,941.42 -4.5%
2	Salary Growth Rate (- / + 0.50 %) (% change compared to base due to sensitivity)	2,553.45 -4.7%	2,811.11 5.0%	1,940.78 -4.6%	2,132.61 4.9%
3	Attrition Rate (- / + 50%) (% change compared to base due to sensitivity)	3,006.33 12.3%	2,467.26 -7.9%	2,230.95 9.7%	1,908.06 -6.2%
4	Mortality Rate (- / + 10%) (% change compared to base due to sensitivity)	2,675.66 -0.1%	2,680.75 0.1%	2,030.89 -0.1%	2,036.46 0.1%

There is no change in the method of valuation for the prior period. For change in assumptions refer assumptions table above.

**Asset Liability Matching Strategies:** The scheme is managed on funded basis.

**B. Effect of Plan on Company's Future Cash Flows**

**i) Funding arrangements and Funding Policy**

The scheme is managed on funded basis.

**ii) Expected Contribution during the next annual reporting period**

(₹ in lakhs)

The Company's best estimate of Contribution during the next year	412.87
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**iii) Maturity Profile of Defined Benefit Obligation**

Weighted average duration (based on discounted cash flows)	10 years
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**Expected cash flows over the next (valued on undiscounted basis)**

(₹ in lakhs)

1 year	180.40
2 to 5 years	687.16
6 to 10 years	1,270.95
More than 10 years	3,511.86

Estimated amount of contribution expected to be paid to the fund during the annual period being after the Balance Sheet date is ₹ 262.89 lakhs (Previous year ₹ 327.55 lakhs)

(₹ in lakhs)

No.	Experience Adjustment	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
1	Defined Benefit Obligation	(2,678.22)	(2,033.68)	(1,738.63)	(1,438.50)	(1,037.31)
2	Plan Assets	2,578.75	2,031.09	1,642.06	1,330.09	811.93
3	Surplus/(Deficit)	(99.47)	(2.59)	(96.57)	(108.41)	(225.38)
4	Experience Adjustment on Plan Liabilities	35.70	22.37	84.55	149.14	456.02

The estimate of future salary increase, considered in the actuarial valuation, takes into account inflation, seniority, promotion, and other relevant factors. The above information is certified by the actuary based on assumptions provided by the Company.

**30. Disclosure in respect of Related Party pursuant to Indian Accounting Standard (Ind AS) 24:****a. List of Related Parties:****A Ultimate Parent Company**

Grasim Industries Limited

**B Parent Company**

Aditya Birla Capital Limited (ABCL)

**C Other Related Party**

Sun Life (India) AMC Investments Inc., Canada

Sun Life Global Investments (Canada) Inc

Aditya Birla Management Corporation Private Limited

Idea Cellular Limited (Up to 30<sup>th</sup> August, 2018)**D Fellow Subsidiaries of Parent Company**

Aditya Birla Sun Life Insurance Company Limited

Aditya Birla Sun Life Trustee Private Limited

Aditya Birla Money Mart Limited

Aditya Birla Finance Limited

Aditya Birla Money Limited

Aditya Birla Financial Shared Services Limited (ABFSL)

Aditya Birla Insurance Brokers Limited

Aditya Birla Money Insurance Advisory Services Limited

Aditya Birla Commodities Broking Limited

Aditya Birla My Universe Limited

Aditya Birla PE Advisors Private Limited

Aditya Birla ARC Limited

ABCAP Trustee Company Private Limited

Aditya Birla Sun Life Pension Management Limited

Aditya Birla Housing Finance Limited

ABC SL-Employee Welfare Trust

Aditya Birla Wellness Private Limited

ABNL Investment Limited

**E The entities in respect of which Funds are managed by the Company's subsidiaries**

India Advantage Fund Limited

International Opportunities Fund SPC

Global Green Energy Fund

New Horizon Fund SPC

**F Subsidiaries**

Aditya Birla Sun Life AMC (Mauritius) Limited

Aditya Birla Sun Life AMC Pte. Limited, Singapore

Aditya Birla Sun Life AMC Limited, Dubai

**G Affiliates**

Green Oak India Investment Advisors Private Limited

**H Directors and Key Management Personnel**

Kumar Mangalam Birla (Associate Director)

Ajay Srinivasan (Associate Director)

A. Balasubramanian (Chief Executive Officer &amp; Managing Director from July 25, 2019)

Sandeep Asthana (Associate Director)

Colm Freyne (Associate Director)

Bobby Parikh (Independent Director)

Bharat Patel (Independent Director)

Alka Bharucha (Independent Director)

Harish Engineer (Independent Director from June 21, 2019)

Sushobhan Sarker (Independent Director from September 04, 2019)

Navin Puri (Independent Director from September 04, 2019)

Pankaj Razdan (Associate Director up to July 08, 2019)

N.N. Jambusaria (Independent Director up to August 24, 2019)

N. C. Singhal (Independent Director up to August 24, 2019)

R. Vaidyanathan (Independent Director up to August 24, 2019)

Claude Accum (Associate Director up to February 24, 2020)

b. Related Parties with whom the Company has entered into transactions during the Year:

(₹ in lakhs)

Sr. No.	Particulars	For the year ended		
		Category	March 31, 2020	March 31, 2019
1	<b>Income</b>			
	<b>Dividend Income</b>			
	Aditya Birla Sun Life AMC (Mauritius) Limited	F	-	531.22
2	<b>Expenses</b>			
	<b>Brokerage</b>			
	Aditya Birla Finance Limited (Note 1)	D	48.35	122.96
	Aditya Birla My Universe Services Limited	D	-	4.72
	<b>Contribution to Term Insurance / Gratuity</b>			
	Aditya Birla Sun Life Insurance Company Limited	D	418.02	389.70
	Aditya Birla Health Insurance Company Limited	D	68.90	70.28
	<b>Professional Charges – Marketing</b>			
	Aditya Birla Sun Life AMC Limited, Dubai	F	902.47	1,104.07
	Aditya Birla Sun Life AMC Pte Limited, Singapore	F	75.75	35.88
	<b>Business Promotion Expenses</b>			
	Aditya Birla Sun Life Insurance Company Limited (Insurance Premium) (Note 2)	D	692.57	716.43
	Aditya Birla Health Insurance Company Limited (Note 3)	D	2.65	268.49
	<b>Rent</b>			
	Aditya Birla Capital Limited	B	60.38	15.09
	Grasim Industries Limited	A	91.69	91.98
	<b>Telephone and Internet</b>			
	Idea Cellular Limited	C	-	7.18
	<b>Advisory Services</b>			
	GreenOak India Investment Advisors Pvt Ltd	G	84.09	-
3	<b>Reimbursements of Costs Paid</b>			
	Aditya Birla Financial Shared Services Limited (Employee benefit expense)	D	888.71	885.77
	Aditya Birla Financial Shared Services Limited (Administrative and other expense)	D	1,895.03	1,536.03
	Aditya Birla Finance Limited (Employee benefit expenses)	D	3.03	8.70
	Aditya Birla Finance Limited (Rent)	D	86.07	87.02
	Aditya Birla Finance Limited (Administrative & other expenses)	D	-	1.92
	Aditya Birla Sun Life Insurance Company Limited (Rent)	D	1.15	1.80
	Aditya Birla Sun Life Insurance Company Limited (Administrative and other expense)	D	0.08	5.35
	Aditya Birla Sun Life Insurance Company Limited (Employee benefit expense)	D	10.01	9.22
	Aditya Birla Capital Limited (Employee benefit expense)	B	3,280.41	4,622.93
	Aditya Birla Capital Limited (Administrative and other expense)	B	702.51	666.88
	Aditya Birla Housing Finance Limited (Rent)	D	3.80	-
	Aditya Birla Health Insurance Co Limited (Employee benefit expense)	D	5.88	14.99
	Aditya Birla Money Limited (Employee benefit expense)	D	-	0.22
	Aditya Birla Management Corporation Private Ltd (Employee benefit expenses)	C	-	22.29
	Sun Life Global Investments (Canada) Inc (Employee Benefit expenses)	C	148.81	77.52

(₹ in lakhs)

Sr. No.	Particulars	For the year ended		
		Category	March 31, 2020	March 31, 2019
4	<b>Reimbursements of Costs Received</b>			
	Aditya Birla Finance Limited (Employee benefit expense)	D	-	4.80
	Aditya Birla Financial Shared Services Limited (Employee benefit expense)	D	0.53	0.41
	Aditya Birla Sun Life Insurance Company Limited (Employee benefit expense)	D	9.02	0.82
	Aditya Birla Sun Life Insurance Company Limited (Administrative and other expense)	D	0.20	0.23
	Aditya Birla Health Insurance Co Limited (Employee benefit expenses)	D	-	0.63
	Aditya Birla Health Insurance Co Limited (Administrative and other expense)	D	0.41	85.19
	Aditya Birla Housing Finance Ltd (Employee benefit expenses)	D	0.60	0.27
	Aditya Birla Capital Ltd (Administrative & other expenses)	B	0.19	141.39
	Aditya Birla Money Limited (Employee benefit expense)	D	-	2.87
	Idea Cellular Limited (Employee benefit expense)	C	-	0.75
	Aditya Birla Finance Ltd (Administrative & other expenses)	D	18.08	-
	Aditya Birla ARC Ltd (Employee benefit expenses)	D	1.11	-
	Aditya Birla Management Corporation Private Ltd (Employee benefit expenses)	C	6.29	-
5	<b>Managerial Remuneration</b>			
	Managerial Remuneration paid (Note 4)	H	541.06	1,891.42
6	<b>Director's Sitting Fees</b>			
	Director's Sitting Fees paid	H	22.90	27.35
7	<b>Interim Dividend Paid</b>			
	Aditya Birla Capital Limited	B	16,829.96	15,299.97
	Sun Life (India) AMC Investments Inc	C	16,170.00	14,700.00
	Kumar Mangalam Birla	H	0.02	0.02
8	<b>Purchase of Fixed Assets</b>			
	Aditya Birla Financial Shared Services Ltd	D	-	10.27
	Aditya Birla Finance Ltd	D	-	11.38
9	<b>Sale of Fixed Assets</b>			
	Aditya Birla Sun Life Insurance Co Ltd	D	0.05	-
10	<b>Deposit Paid</b>			
	Grasim Industries Limited	A	-	9.48
	Aditya Birla Capital Limited	B	-	25.20

**c. Outstanding Balances:**

(₹ in lakhs)

Sr. No.	Particulars	Category	As at	
			March 31, 2020	March 31, 2019
1	<b>Payable</b>			
	Aditya Birla Finance Limited - (Trade Payable)	D	-	(11.89)
	Aditya Birla Financial Shared Services Limited (Trade Payable)	D	(453.34)	(250.26)
	Aditya Birla Sun Life Insurance Company Limited (Trade Payable)	D	(0.17)	-
	Aditya Birla Capital Limited	B	(362.64)	(103.43)
	Aditya Birla Sun Life AMC Pte Ltd, Singapore (Trade Payable)	F	(12.62)	(11.56)
	Aditya Birla Sun Life AMC Ltd, Dubai (Trade Payable)	F	(94.64)	(192.07)
	Grasim Industries Limited (Trade Payable)	A	(7.08)	(0.83)
	Aditya Birla Money Ltd (Trade Payable)	D	-	(0.22)
	Aditya Birla Housing Finance Limited (Trade Payable)	D	(0.27)	—
	Sun Life Global Investments (Canada) Inc (Trade Payable)	C	(64.06)	

(₹ in lakhs)

Sr. No.	Particulars	Category	As at March 31, 2020	As at March 31, 2019
<b>2</b>	<b>Receivable</b>			
	Aditya Birla Finance Limited - (Trade Receivable)	D	15.77	-
	Aditya Birla Financial Shared Services Limited (Prepaid Expenses)	D	40.10	33.01
	Grasim Industries Limited (Deposit)	A	71.32	71.32
	Aditya Birla Sun Life Insurance Company Limited (Loans and Advances)	D	-	0.23
	Aditya Birla Capital Ltd (Deposit)	B	25.20	25.20
	Aditya Birla Health Insurance Co Ltd (Loans & Advances)	D	0.40	0.50
	Aditya Birla Management Corporation Private Limited (Loans & Advances)	C	6.29	-

Related parties are as identified by the Company and relied upon by the Auditors

All the above figures are inclusive of GST wherever applicable.

Note 1 - Total Amount paid Rs.48.35 lakhs, out of which Rs.29.53 lakhs debited to profit and loss during the period and balance amortised.

Note 2 - Total Amount paid Rs.692.57 lakhs, out of which Rs. 590.31lakhs debited to profit and loss during the period and balance amortised.

Note 3 - Total Amount paid Rs.2.65 lakhs and same is amortised.

Note 4 - Managerial Remuneration also includes Long Term Incentive pertaining to earlier year(s), which were paid during the previous year, as applicable.

### 31. Earnings Per Share

(₹ in lakhs)

Earnings per Share (EPS) is calculated as under:		As at March 31, 2020	As at March 31, 2019
Net Profit After Tax before Other Comprehensive Income as per Standalone Statement of Profit and Loss		48,950.16	44,886.94
Less: Preference Dividend and tax thereon			
Net Profit attributable to equity holders	A	48,590.16	44,886.94
Weighted average number of Equity Shares for calculation of Basic EPS	B	1,80,00,000	1,80,00,000
Basic and Diluted Earnings Per Share (₹)	A/B	269.95	249.37
Nominal Value of Shares (₹)		10	10

### 32. Segment information for the year ended 31st March, 2020

The CEO of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108 - "Operating Segments". The CODM evaluates the Company's performance and allocates resources. The Company's operations predominantly relate to providing asset management services and portfolio management services. In the opinion of the CODM and Management, the risks and rewards attached to the business are similar in nature. Hence the separate Segment under Ind AS 108 on "Operating Segments" is not required to be reported as the Company's business is restricted to single Operating Segment i.e. Asset Management Services.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue in year ended 31 March, 2020.

### 33. Corporate Social Responsibility

The gross amount required to be spent by the Company during the year towards Corporate Social Responsibility as per Sec 135 (5) of the Companies Act, 2013 was ₹ 869 lakhs (Previous Year ₹ 699 lakhs).

(₹ in lakhs)

No.	Amount spent during the year on;	As at March 31, 2020	As at March 31, 2019
1	Construction/acquisition of assets	50.00	1.66
2	On purpose other than (i) above	819.00	697.34

**34. Capital Management**

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise 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.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2020 and 31st March, 2019.

**35. Fair Values of Financial Instruments****Valuation Model**

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

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 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
	<b>Level 1</b>	<b>Level 1</b>
<b>FVTPL Assets:</b>		
- Mutual Funds	1,23,819.80	1,11,272.59
- Others	1,193.91	1,754.81
<b>Amortised Cost Assets:</b>		
- Corporate bonds	115.81	115.81
	<b>Level 2</b>	<b>Level 2</b>
<b>Amortised Cost Assets:</b>		
- Subsidiaries	6,902.37	7,425.37
<b>FVTPL Assets:</b>		
- Equity	70.00	5.00
	<b>Level 3</b>	<b>Level 3</b>
<b>FVTPL Assets:</b>		
- Others	1,135.91	658.01
<b>Total</b>	<b>133,237.80</b>	<b>1,21,231.60</b>



### 36. Financial Risk Management Objectives and Policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Managing Board of Risk management committee and the auditors have relied on the same.

#### A. Market Risk

The Company manages market risk through finance department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

##### (i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt investments.

##### Sensitivity

The following table demonstrates the sensitivity to:

- Interest Rate Risk is basis impact on debt portfolios for 1% rise in interest rates. Hybrid funds considered at 100% as a conservative basis for assessing interest rate impact on portfolio. (which form approximately 1% of the entire portfolio of schemes)
- Value at Risk (VaR) is the 1 day % loss with 95% confidence level. VaR is calculated only for equity/ETF funds.
- Market Risk (Beta) is the change in Portfolio Value for 1% change in the market (Respective scheme benchmark). Beta has been calculated for Equity/ETF funds only.

Risk	As at March 31, 2020	As at March 31, 2019
Interest Rate Risk	-1.79%	-1.35%
Value at Risk (VaR)	-1.96%	-0.84%
Market Risk (Beta)	0.86%	0.67%

Source: MFI Explorer

##### (ii) Foreign Currency Risk

The Company has branch presence internationally and portion of the business is transacted in foreign currencies, however the Company is not exposed to foreign exchange risk through its sales and services in overseas in various foreign currencies through branches and Company doesn't have any receivable / payable in foreign currencies.

#### B. Credit Risk

The Company's has clearly defined policies to mitigate counterparty risks. Cash and liquid investments are held primarily in mutual funds and banks with good credit ratings. Defined limits are in place for exposure to individual counterparties in case of mutual fund houses and banks.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Company has major receivable from mutual fund schemes.

##### Trade Receivables

(₹ in lakhs)

Trade Receivables	Neither past due nor impaired	Past dues but not impaired					Total
		<30 days	30 to 60 days	61 to 90 days	91 to 120 days	> 120 days	
31st March, 2020	3,476.52	-	-	-	-	-	3,476.52
31st March, 2019	1,604.79	-	-	-	-	585.59	2,190.38

##### Other Financial Assets

(₹ in lakhs)

Other Financial Assets	Neither past due nor impaired	Past dues but not impaired					Total
		<30 days	30 to 60 days	61 to 90 days	91 to 120 days	> 120 days	
31st March, 2020	35.67	-	-	-	-	-	35.67
31st March, 2019	1,586.50	-	-	-	-	-	1,586.50

No significant changes in estimation techniques or assumptions were made during the reporting period.

##### (i) Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations or at a reasonable price. The Company's Finance department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

**Maturity profile of Financial liabilities**

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

(₹ in lakhs)

As at 31st March, 2020	Within 12 Months	After 12 Months	Total
Trade Payables	4,476.39	-	<b>4,476.39</b>
Other Payables	4,207.51	-	<b>4,207.51</b>
Payable for Capital Expenditure	80.47	-	<b>80.47</b>
Payable to Schemes	147.10	-	<b>147.10</b>
	<b>8,911.47</b>	-	<b>8,911.47</b>
As at 31st March, 2019	Within 12 Months	After 12 Months	Total
Trade Payables	7544.75	20.13	<b>7,564.88</b>
Other Payables	4,644.96	251.80	<b>4,896.76</b>
Payable for Capital Expenditure	24.50	-	<b>24.50</b>
	<b>12,214.22</b>	<b>271.93</b>	<b>12,486.14</b>

**(ii) Capital Risk Management**

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's Capital Management is to maximise shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company's may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

**37. Leases**

Effective April 1, 2019, the Group adopted IND AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹ 6,440.07 lakhs and a lease liability of ₹ 7,084.48 lakhs. The cumulative effect of applying the standard, amounting to ₹ 644.41 lakhs was debited to retained earnings and deferred tax asset created on the same for 1<sup>st</sup> April, 2019. The effect of this adoption is in significant on the operating profit, net profit for the period and earnings per share. In statement of profit and loss for the current period, the nature of expenses in respect of operating leases has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest accrued on lease liability. Ind AS 116 will result in an increase in cash in flows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, for all contracts as on April 1, 2019, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is between the range of 8.00% to 8.50% for a period varying from 1 to 10 years.

**Critical accounting judgements and key sources of estimation uncertainty**

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;

- Classification of lease agreements (when the entity is a lessor);
- 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.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

Particulars	Category of ROU Asset Leasehold premises (₹ in lakhs)
Balance as at 1st April, 2019	6,440.07
Add New Lease Agreements	831.68
Depreciation	(1,990.75)
<b>Balance as at 31st March, 2020</b>	<b>5,281.00</b>

#### Amounts recognised in profit and loss

Particulars	Year ended 31 March, 2020 (₹ in lakhs)
Depreciation expense on right-of-use assets	1,990.75
<b>Finance Cost</b>	
Interest expense on lease liabilities	540.20
<b>Administrative and Other Expenses</b>	
Expense relating to short-term leases	187.63

The following is the break-up of current and non-current lease liabilities as at March 31, 2020

Particulars	(₹ in lakhs)
Current Lease Liabilities	1,718.35
Non-Current Lease Liabilities	4,313.41
<b>Total</b>	<b>6,031.76</b>

The following is the movement in lease liabilities during the year ended March 31, 2020:

Particulars	(₹ in lakhs)
Balance as at 1st April, 2019	7,084.48
Additions	831.68
Finance Cost accrued during the period	540.20
Payment of Lease Liabilities	(2,424.60)
<b>Balance as at 31st March, 2020</b>	<b>6,031.76</b>

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	(₹ in lakhs)
Less than one year	1,785.87
One to Five years	4,387.07
More than Five years	1,014.27
<b>Total</b>	<b>7,187.22</b>

#### Impact on Financial Statements

On transition to Ind AS 116, the Company recognised an additional ₹ 6,440.07 lacs of right of use asset and ₹ 7,084.48 lacs of lease liabilities, recognising the difference in retained earnings.

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at March 1, 2019. The weighted average rate applied is ranging from 8.07% to 8.48 %.

A reconciliation of the operating lease commitments at March 31, 2019, disclosed in the Company's 2019 financial statements, to the lease liabilities recognized in the statement of financial position at April 1, 2019 is provided below:

₹ in lakhs

<b>Operating lease commitments disclosed as at 31 March 2019</b>	9,405.04
<b>Discounted using the incremental borrowing rate at 1 April 2019</b>	7,272.11
(Less): short-term leases recognized on a straight-line basis as expense	(187.63)
<b>Lease liabilities recognized as at 1 April 2019</b>	<b>7,084.48</b>

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.

### 38. Events after the reporting period

There are no significant events after the reporting date which requires disclosures or amendments to the financial statements for the period ended 31st March, 2020.

For and on behalf of the Board of Directors of  
**Aditya Birla Sun Life AMC Limited**

**Ajay Srinivasan**  
Director  
DIN: 00121181

**Sandeep Asthana**  
Director  
DIN: 00401858

**A. Balasubramanian**  
Managing Director and CEO  
DIN: 02928193

**Parag Joglekar**  
Chief Financial Officer

**Hemanti Wadhwa**  
Company Secretary

Place: Mumbai  
Date: 18th May, 2020