

ADITYA BIRLA FINANCIAL SERVICES PRIVATE LIMITED

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

ADITYA BIRLA FINANCIAL SERVICES PRIVATE LIMITED

AUDITORS' REPORT

To,
The Members of Aditya Birla Financial Services Private Limited

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

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

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

Per Shrawan Jalan
Partner
Membership No.: 102102
Mumbai,

ADITYA BIRLA FINANCIAL SERVICES PRIVATE LIMITED

DIRECTORS' REPORT

Dear Shareholders,

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

FINANCIAL PERFORMANCE

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

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

DIVIDEND

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

SUBSIDIARY COMPANIES

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

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

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

COMPULSORILY CONVERTIBLE PREFERENCE SHARES: (CCPS)

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

SHIFTING OF REGISTERED OFFICE

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

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

PUBLIC DEPOSITS

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

AUDITORS

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

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

ACKNOWLEDGEMENT

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

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

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

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

Shriram Jagetiya Anil Chirania
Director Director

Date : May 03, 2010
Place: Mumbai