DIRECTORS' REPORT

Dear Shareholders,

We are pleased to present the 7th Annual Report, along with the Audited Accounts of your Company for the financial year ended March 31, 2015.

1. Financial Performance Summary

Rs. in Crore

Particulars	FY 2014-15	FY 2013-14
Net income from Operations	20.91	23.19
Other Income	1.29	1.78
Operating Profit	6.39	9.25
Depreciation	0.24	0.26
Profit before Tax	**6.15**	**8.99**
Tax	**1.71**	**2.76**
Profit after Tax (PAT)	**4.44**	**6.23**

2. Business Performance

During the year under review your Company has earned a net profit of Rs.4.44 Crore as compared to Rs.6.23 Crore in previous year.

Your Company continues to focus on managing the generic growth private equity assets, excluding real estate and infrastructure. During FY2014-15, the Company made the balance drawdown against the Fund's corpus in both **Aditya Birla Private Equity – Fund I** and **Aditya Birla Private Equity – Sunrise Fund**.

Update on activities of Funds under Investment Management

Aditya Birla Private Equity – Fund I ("Fund I"):

Out of the Commitment Amount drawn down from the Contributors of Fund I, investments aggregating Rs.176.03 Crore were made during the financial year. Exits amounting to Rs.27.14 Crore were effected during the financial year. The balance gross cumulative investments as at March 31, 2015 amount to Rs.702.33 Crore (previous year Rs.553.44 Crore).

During the year the Fund I made a distribution of Rs.47.62 Crores to the Contributors.

Your Company is currently focusing to deploy the balance drawdown amount and to navigate the portfolio companies in order to prepare them towards creating exit opportunity for the Fund.

Aditya Birla Private Equity – Sunrise Fund ("Sunrise Fund"):

Out of the Commitment Amount drawn down from the Contributors of Fund I, investments aggregating Rs.69.77 Crore were made and exits aggregated Rs.8.35 Crore leaving gross cumulative investments at Rs.167.58 Crore (previous year Rs.106.16 Crore) as on March 31, 2015.

During the year the Company made 1st Distribution amounting to Rs.15.29 Crores to the Contributors.

Your Company is currently focusing to deploy the balance drawdown amount and to navigate the portfolio companies in order to prepare them towards creating exit opportunity for the Sunrise Fund.

3. RESERVES

The accumulated profit of the Company stood at Rs.22.94 Crore as at March 31, 2015, inclusive of profit after tax of Rs.4.44 Crore earned during financial year 2014-15.

4. DIVIDEND

The Board of Directors has not recommended any dividend for the year ended March 31, 2015 in order to conserve cash in the Company.

5. SHARE CAPITAL

The Authorised Share Capital of the Company is Rs. 5.00 Crores. The Issued, Subscribed and Paid up Capital of the Company was Rs. 3.50 Crores, as on March 31, 2015. There was no requirement of fresh capital infusion during the year under review.

6. Management Discussion and Analysis

Industry overview

The GDP growth in India after witnessing a falling trend seems to have bottomed out led by initiatives by the Reserve Bank of India and a slew of corrective measures taken by the government on the core industrial sectors, though the full effect of which is still to sink in. Inflation, both WPP and CPI, has hit the lowest levels from that seen in the past few years helped mainly by falling imported crude prices. Oil prices of late have again started moving up could again fuel inflationary pressures.

Private Equity ("PE") industry after being lack-luster for a couple of years showed renewed interest during Calendar year (CY) 2014 post the election results. The total deal value of investments (excluding Realty Funds and investments) by PE investors in India in CY 2014 was 46% higher at US $10.9 billion as against US 7.45 billion in CY 2013. There is a clear indication that the industry is evolving given that the share of venture funding (~$1 bn), Growth capital investment at $ 2.8 bn has declined as against which late stage investments have significantly gone up at $ 5.5 bn [*Source: Venture Intelligence*].

Business Outlook

The Alternate Investment Fund (AIF) Regulations issued by SEBI during the financial year 2012-13 had imposed restrictions on minimum size of contribution by investors and the tight monetary situation in India had impacted the Company's ability to raise further capital in the domestic markets. The Company is therefore planning a dual foray into the domestic and offshore markets during the financial year 2015-16 for raising funds with an aim of investments into India.

While the short term outlook for India continues to be cautiously optimistic, with a turnaround in the economy the earnings of mid-sized companies are likely to show improvement only over a longer timeframe. The Company intends to handhold the portfolio companies over this growth phase for ultimately realizing a profitable exit.

7. Corporate Governance

Your Directors reaffirm their commitment to the corporate governance standards, as applicable to the Company.

8. Subsidiaries

Your Company does not have any subsidiary, at present.

9. PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposit from the public falling within the ambit of section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of Energy, Technology absorption and Foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of the Companies (Accounts) Rules, 2014, are not applicable to the Company due to the very nature of industry in which it operates.

11. PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, are provided at Annexure A.

12. DIRECTORS

As on March 31, 2015, your Board of Directors comprises of three Directors including two Independent Directors.

During the year, following were the changes in the directorship of the Company:

- Mr. G.P. Gupta (Independent Director) resigned from the Company w.e.f. June 7, 2014
- Mr. Kumar Mangalam Birla resigned from the Company w.e.f. March 31, 2015
- Mr. Harish Engineer (Independent Director) appointed as Director w.e.f. June 7, 2014

Your Directors places on record its appreciation for the assistance and guidance provided by Mr. Kumar Mangalam Birla and Mr. G P Gupta during their tenure as Directors of the Company.

In accordance with the provisions of the Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, Mr. P H Ravikumar, Directors, retire by rotation at the ensuing Annual General Meeting ('AGM') of the Company, and being eligible, offer himself for re-appointment.

Mr. Harish Engineer was appointed as an Additional Independent Director on the Board of the Company on June 7, 2014. In accordance with the requirements of Section 149 and 152 of the Companies Act, 2013, his continuation as an Independent Director on the Board of the Company was approved by the Members of the Company at its AGM held on September 18, 2014.

The Company has received requisite disclosures and undertakings from all the Directors in compliance with the provisions of the Companies Act, 2013.

(i) Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit Committees.

(ii) Remuneration Policy

The Board has, on the recommendation of the Audit Committee formulated a policy for selection and appointment of Directors, Senior Management and their remuneration.

(iii) Managerial Remuneration

Presently there is no Executive Director in the Company.

13. Board Meetings

A calendar of Meetings is prepared and circulated in advance to the Directors. During the year five Board Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

14. AUDIT COMMITTEE

The Board has re-constituted the Audit Committee during the financial year which now comprises of Mr. P H Ravikumar, Mr. Harish Engineer and Mr. Ajay Srinivasan.

15. VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, the Company has a Whistle Blower Policy at Aditya Birla Financial Service Group level providing a platform to all the employee, vendors and customers to report any suspected or confirmed incident of fraud/misconduct through any of the determined reporting protocols.

16. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors would like to assure the members that the Financial Statements, for the year under review, conform in their entirety to the requirements of the Companies Act, 2013:

Pursuant to Section 134(5) of the Companies Act 2013, your Directors, to the best of their knowledge and belief confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 profit and loss of the company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

17. KEY MANAGERIAL PERSONNEL

Provisions of Section 203 of the Companies Act, 2013 read with Rule 8 of the Companies (Meetings of Board and its Power) Rules, 2014, are not applicable to the Company.

18. AUDITORS AND AUDITORS' REPORT

The Statutory Auditors M/s.S. R. Batliboi & Co. LLP (Registration No. 101049W), appointed at the 6th AGM, hold office upto the ensuing 7th AGM of the Company.

The Board proposes to re-appoint M/s. S. R. Batliboi & Co. LLP (Registration No. 101049W) (being eligible for re-appointment) as the Statutory Auditors on recommendation of the Audit Committee of the Company.

The Company has received certificates from the proposed auditors confirming their eligibility and willingness for their appointment / re - appointment pursuant to Section 139 (1) of the Companies Act, 2013. The auditors have further certified that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and they hold a valid certificate issued by the "Peer Review Board" of ICAI.

The observations, if any, made by the Statutory Auditors of the Company in their report read with relevant notes to the Accounts are self-explanatory and, therefore do not call for any further comments.

19. INTERNAL AUDIT FRAMEWORK / RISK MANAGEMENT POLICY

The Company has in place a robust 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, objective and reasonable assurance on the adequacy and effectiveness of the organization's risk management, control and governance processes.

The framework is commensurate with the nature of the business and the size of its operations. Internal auditing, at ABCAP, involves the utilization of a systematic methodology for analyzing business processes or organizational problems and recommending solutions to add value and improve the organization's operations. The audit approach verifies compliance with the regulatory, operational and system related procedures and controls.

The internal audit is carried out by external service providers and in-house internal audit team. The audit plan is approved by the Audit Committee, which regularly reviews compliance to the plan.

Internal Audit Process followed by the Company is as follows:

- Establish and communicate the scope and objectives for the audit to management
- Develop an understanding of the business area under review. This involves review of documents and interviews
- Identify control procedures used to ensure each key transaction type is properly controlled and monitored
- Develop and execute a risk-based sampling and testing approach to determine whether the key controls are operating as intended
- Key audit findings and recommendations made by the auditors are reported to the Audit Committee of the Company
- Monitor the implementation of audit recommendations and ensure periodic reporting to the Audit Committee

The audit findings are used as a key input in the risk management process and all the key risks of the Company are mapped to the audit processes to ensure a risk- based audit approach.

Ongoing monitoring is performed as an integral part of the day to day supervision, review and measurement of internal audit activity.

20. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has put in place adequate financial Controls.

21. SECRETARIAL AUDIT REPORT

Section 204 of the Companies Act, 2013 with regard to Secretarial Audit Report is not applicable to the Company.

22. RELATED PARTY TRANSACTIONS

All Related Party Transactions ('RPT') that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant Related Party Transactions made by the Company with Promoters, Directors, Related Parties or other designated persons which may have a potential conflict with the interest of the Company at large.

The Board has developed a Related Party Transactions Policy for the purpose of identification and monitoring of such transactions. As per the policy the Audit Committee may grant omnibus approval for RPTs which are repetitive in nature. The Audit Committee may grant omnibus approval for such transactions provided *that* the value of each such transaction shall not exceed Rs. 1 Crore.

The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all Related Party Transactions are placed before the Audit Committee for its approval on a quarterly basis. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

Details of Related Party Transaction during the year in Form AOC - 2 are stated at Annexure B.

23. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS /

From Corporate Tax perspective, apart from Industry based tax litigations, revenue authorities or tribunal or court, have not passed any order impacting going concern status of the organization.

24. CORPORATE SOCIAL RESPONSIBILITY

The Board of your Company had constituted a CSR Committee and has developed a CSR Policy.

The required disclosure as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules 2014 forms part of the Director's report at Annexure C.

25. NOMINATION AND REMUNERATION COMMITTEE

Section 178 of the Companies Act, 2013 with regard to Nomination and Remuneration Committee is not applicable to the Company.

26. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 form part of the notes to the financial statements.

27. COST AUDIT

The provisions of Cost audit as prescribed under Section 148 of the Companies Act, 2013 are not applicable to the Company.

28. THE ANTI SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBIITON & REDRESSAL ACT, 2013

The Company at Aditya Birla Financial Service Group has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Compliant Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2014-15

- No of complaint received : NIL
- No of complaint disposed off: Not applicable

29. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith at "Annexure D".

30. ACKNOWLEDGEMENTS

Your Directors wish to place their sincere appreciation for the valuable advice, guidance and support provided by the regulators and statutory authorities from time to time. Your Directors express their gratitude to the investors in our Funds, bankers, business associates, members of Investment Committee and of the Advisory Board for their continuous support and patronage to the Company.

Your Directors take this opportunity to recognize and place on record their deep sense of appreciation for the exemplary commitment and contribution made by the employees of the Company at all levels. Their dedicated efforts and enthusiasm have been pivotal to your Company's growth.

Your involvement as Shareholders is greatly valued. Your Directors look forward to your continuing support.

By order of the Board of Directors
For Aditya Birla Capital Advisors Private Limited

Director **Director**

Mumbai, May 2, 2015

ANNEXURE "A" TO THE DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES AS PER SECTION 197 OF THE COMPANIES ACT,2013 READ WITH THE COMPANIES (APPOINTMENT AND REMNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTOR'S REPORT FOR THE FINCIAL YEAR ENDED 31ST MARCH, 2015

EMPLOYED THROUGHOUT THE FINANCIAL YEAR AND IN RECEIPT OF REMUNERATION AGREGATING NOT LESS THAN RS.60,00,000/- PER ANNUM. ANNUM AND

EMPLOYED FOR A PART OF THE YEAR, WAS IN RECEIPT OF REMUNERATION FOR ANY PART OF THE YEAR, AT A RATE WHICH, IN THE AGGREGATE WAS NOT LESS THEN RS.5,00,000/- PER MONTH

Name	Designation	Remuneration (Rs)	Nature of Employment	Qualification and Experience	Date of Commencement	Age

Last Employment	% of Equity shares held by an Employee	Whether such Employee is a relative of any director or manger

Annexure B

Related Party Transaction in Form AOC -2
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not on an arm"s length basis:

NIL

2. Details of material contracts or arrangement or transactions on an arm"s length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts / arrangements/transactions;	Salient terms of the contracts or arrangements or transactions including the value, if any;	Date(s) of approval by the Board, if any; and	Amount paid as advances, if any.
Aditya Birla Financial Services Limited	Holding Company	Continuous	Reimbursement of expenses Rs.78.31 Lakhs	Related Party Transactions are placed before the Audit Committee and Board every quarter for approval	NIL
Aditya Birla Financial Shared Services Limited	Fellow Subsidiary	Continuous	Reimbursement of expenses Rs.5.18 Lakhs	Related Party Transactions are placed before the Audit Committee and Board every quarter for approval	NIL

Annexure C

Report on Corporate Social Responsibility

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"

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 take 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.adityabirla-pe.com)

2. The Composition of the CSR Committee.

a) Mr. Harish Engineer – Chairman of the Committee (Independent Director)

b) Mr. P H Ravikumar – Independent Director

c) Mr. Ajay Srinivasan – Director

Permanent Invitee:

a) Mrs. Rajashree Birla - Chairperson, Aditya Birla Centre for Community initiatives and Rural Development;

b) Mrs. Pragnya Ram – Group Executive President, Corporate Communications and CSR, Aditya Birla Group;

c) Chief Executive Officer of the Company

3. Average net profit of the company for last three financial years Rs.7,68,93,965/-

4. Prescribed CSR Expenditure (two per cent. Of the amount as in item 3 above)– Rs.15,37,879/-

5. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year - Rs.15,37,879/-

(b) Amount unspent, if any; Rs.15,37,879/-

(c) Manner in which the amount spent during the financial year is detailed below.- NA

CSR project or 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 programms wise	Amount spent on the Project or programs Sub heads (1) Direct expenditure on the projects or programs	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing Agency*

**Give details of implementing agency:*

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.

The Company has formulated its CSR policy in accordance with the directions specified in the Companies Act, 2013 read with the rules. The Company is part of Aditya Birla Group and its overall vision is to actively contribute to the social and economic development of the communities in which the Group operates and 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.

This is the first year requiring spending under CSR. Accordingly an amount of Rs. Rs.15,37,879/- (being 2% of Average net profit of the company for last three financial years) was to be invested in CSR. The Company was in the process of identifying and evaluating Projects which were in line with the vision of The Aditya Birla Centre for Community Initiatives and Rural Development and the CSR policy. As such all the projects would normally go through detailed evaluation process and assessed under agreed strategy and vision. However given the projects were still under the evaluation strategy, the Company could not spend the allocated amount. The Company has plans for meeting out the objectives and completing the identification of projects.

7. 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 Company has not spent any amount during financial year 2014-15. However, the projects are being evaluated, in line with the CSR policy.

D. Muthukumaran — **Mr. Harish Engineer**

CEO — **CHAIRMAN – CSR COMMITEE**

Annexure D

Extract of the Annual Return

MGT 9

Particulars of Annual Return:

- Registered office : 18th Floor, Tower I, Indiabulls, Senapati Bapat Marg, Mumbai – 400013.
- Principal business activities : Investment Manager to Private Equity and Venture Capital Funds
- Particulars of its holding Company – Aditya Birla Financial Services Limited
- Particular of subsidiary - NIL
- Particular of associate companies;
- Shares, debentures and other securities and shareholding pattern;

Name of shareholder	No. of shares held
Aditya Birla Financial Services Limited	34,98,000
Shriram Jagetiya, nominee of Aditya Birla Financial Services Limited	2,000

- its indebtedness; NIL
- its members and debenture-holders along with changes therein since the close of the previous financial year;

Name of shareholder	No. of shares held
Aditya Birla Financial Services Limited	34,98,000
Shriram Jagetiya, nominee of Aditya Birla Financial Services Limited	2,000

There is no change in membership since the close of the previous financial year.

- its promoters, directors, key managerial personnel along with changes therein since the close of the previous financial year;

Name of Promoter
Aditya Birla Financial Services Limited
Name of Directors
Mr. Kumar Mangalam Birla (Resigned w.e.f March 31, 2015)
Mr. Ajay Srinivasan
Mr. G P Gupta (Resigned w.e.f June 7, 2014)
Mr. P H Ravikumar
Mr. Harish Engineer (Appointed w.e.f June 7, 2014)

- Meetings of members or a class thereof, Board and its various committees along with attendance details;

Details of Board Meeting and its Attendance

Date of Board Meeting	Mr. Kumar Managalam Birla (Resigned w.e.f March 31, 2015)	Mr. P H Ravikumar	Mr. Harish Engineer (Appointed w.e.f June 7, 2014)	Mr. Ajay Srinivasan	Mr. G P Gupta (Resigned w.e.f June 7, 2014)
May 3, 2014	✓	✓		✓	
August 2, 2014		✓	✓	✓	
October 27, 2014		✓		✓	
January 31, 2015			✓	✓	
March 25, 2015	✓		✓	✓	

Details of Committee Meeting and its Attendance

Date of Board Meeting	Mr. P H Ravikumar	Mr. Harish Engineer (Appointed w.e.f June 7, 2014)	Mr. Ajay Srinivasan	Mr. G P Gupta (Resigned w.e.f June 7, 2014)
May 3, 2014	✓		✓	
August 2, 2014	✓	✓	✓	
October 27, 2014	✓		✓	
January 31, 2015		✓	✓	

- Remuneration of directors – No Remuneration is paid to Directors except sitting fees paid to Independent Directors for attending meetings.
- penalty or punishment imposed on the company, its directors or officers and details of compounding of offences and appeals made against such penalty or punishment; - NIL
- matters relating to certification of compliances, disclosures as may be prescribed; - NA
- details, as may be prescribed, in respect of shares held by or on behalf of the Foreign Institutional Investors indicating their names, addresses, countries of incorporation, registration and percentage of shareholding held by them; - NA
- and such other matters as may be prescribed – NA