

**AXIS FINANCE LIMITED**  
**DIRECTORS' REPORT – 2016-2017**

**Dear Members,**

Your Directors are pleased to present the 22<sup>nd</sup> Annual Report on the business, operations and state of affairs of the Company together with the audited financial statement of the Company Accounts for the financial year ended March 31, 2017.

**1. Financial Results of the Company**

The summarized financial performance of the Company for the year ended March 31, 2017 is presented below:

(Amount in Rs.)

Particulars	Current Financial Year 31.03.17	Previous Financial Year 31.03.16
Revenue from Operations (Net) and other income	575,40,40,129	372,98,96,108
Profit/(Loss) before Tax	253,30,53,838	169,89,89,083
Provision for Taxation	88,04,39,763	59,13,38,622
<b>Profit/(Loss) after Tax</b>	<b>165,26,14,075</b>	<b>110,76,50,460</b>
Balance brought forward from previous year	134,72,72,119	121,46,90,619
Profit available for appropriation	299,98,86,194	232,23,41,079
<b>Less: Appropriations</b>		
- Interim Equity Dividend	94,94,27,500	62,60,25,000
- Proposed Final Equity Dividend	-	-
- Tax on Equity Dividends	19,32,81,101	12,74,43,960
- Previous Year Tax on Equity Dividends	-	-
- General Reserve	-	-
- Transfer to Statutory Reserve	33,06,00,000	22,16,00,000
<b>Surplus carried to the Balance Sheet</b>	<b>152,65,77,593</b>	<b>134,72,72,119</b>

**2. Operations Review**

During the year, the Company has grown its outstanding Loans & Advances from Rs. 3,103.62 Cr to Rs. 4,292.00 Cr, a growth of 38.29%. The Net worth of the Company increased from Rs. 725.49 Cr as at March



31, 2016 to Rs. 876.37 Cr as at March 31, 2017. Net Interest Income increased by 22.54% from Rs. 144.15 Cr during the previous financial year ending March 31, 2016 to Rs. 176.64 Cr during the financial year ending March 31, 2017. The Profit before Tax, before exceptional items, increased from Rs. 169.89 Cr during the previous financial year ended March 31, 2016 to Rs. 253.31 Cr during the current financial year ending March 31, 2017. Net profit increased by 49.19 from Rs. 110.77 Cr to Rs. 165.26 Cr during the year.

A detailed discussion of operations for the year ended March 31, 2017 is provided in the Management Discussion and Analysis Report, which is presented in a separate section forming part of this Annual Report.

### **3. Dividend**

During the financial year 2016-17, your Directors had declared and paid interim dividend of Rs.2.27 per share (on the face value of Rs. 10 each) aggregating to Rs. 94.94 Cr (excluding dividend distribution tax). Your Directors are not recommending any additional dividend and accordingly the said interim dividend may be treated and considered as the final dividend for the financial year ended March 31, 2017.

### **4. Transfer to Statutory Reserves**

An amount of Rs. 33.06 Cr (being 20% of the net profits) has been transferred to Statutory Reserve as required under the provisions of Section 45 IC of The Reserve Bank of India Act, 1934.

### **5. Disclosures about capital infusion during the year and reserves transferred to the P & L account**

During the year 5,00,00,000 equity shares of Rs.10 each for cash at a premium of Rs.10 per equity share were issued and allotted on Rights basis to Axis Bank Limited (Holding Company). The total issued and paid-up capital as on March 31, 2017 stood at Rs. 418.25 Cr. There has been no change in the issued and paid up capital after March 31, 2017 till the date of this report. Further, no reserves were transferred to the P&L Account during the year.

### **6. Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report**

No material changes have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

### **7. Finance**

The Company raises funds using the most optimal mix, both, from banks & through the capital market route so as to minimise the cost of funds. To this end, it raises funds from banks by way of term loans and



also has sanctioned line of Credit in place, further it also raises funds through issuance of commercial papers and non-convertible debentures.

During the year, the Company issued Secured Redeemable Non-Convertible Debentures aggregating to Rs.347.00 Cr on private placement basis. Total amount as on March 31, 2017 raised through Commercial Paper and Bank Finance stood at Rs. 2,870.61 Cr and Rs. 550.87 Cr. respectively.

#### 8. Credit Rating

The Company enjoys highest credit rating from the Rating Agency. The credit rating reflects the Company's financial discipline and prudence.

The Company has been assigned the following credit rating:

Name of Rating Agency	Type	Ratings	Amount (Rs. in Crores)	Tenure	Validity
India Ratings and Research Private Limited	Long Term	IND AAA	1,200	-	Yearly Surveillance
	Short Term	IND A1+	5,500	12 months	January 31, 2018
CIRISIL Limited	Long Term	CRISIL AAA/Stable	2,000	-	Yearly Surveillance
	Short Term	CIRISIL A1+	8,000	12 months	August 31, 2017

#### 9. Capital Adequacy

The Company's capital adequacy ratio was 23.15% as on March 31, 2017 which is significantly above the threshold limit of 15% as prescribed by the RBI.

#### 10. Deposits

During the year, the Company has not accepted any deposit pursuant to Section 73 and Section 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

#### 11. Change in shareholding pattern, material changes in the financial position of the company and commitments from the previous financial year till the current year

The Company continues to remain the wholly owned subsidiary of Axis Bank Limited. Save and except the issue and allotment of 5,00,00,000 equity shares of Rs.10 each for cash at a premium of Rs.10 per equity share on Rights basis to Axis Bank Limited, there has been no change in the shareholding pattern of the Company during the year under review.



**12. Information about Subsidiary/ JV/ Associate Company**

The Company does not have any Subsidiary, Joint venture or Associate Company.

**13. Transfer of Unclaimed Dividend etc. to Investor Education and Protection Fund (IEPF)**

Since there was no amount lying w.r.t unpaid/unclaimed Dividend, the provisions of Section 125 of the Companies Act, 2013 does not apply. Further, there was no amount due to be transferred to IEPF in respect to secured redeemable non-convertible debentures and interest thereon by the Company.

**14. Extracts of the Annual Return of the Company**

The Extract of Annual Return as required under section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, in Form MGT-9 is annexed herewith for your kind perusal and information. (Annexure I)

**15. Meetings of the Board of Directors**

The Board meets at least once in a quarter inter alia to consider quarterly performance of the Company and financial results. To enable the Board to discharge its responsibilities effectively and take informed decisions, necessary information is made available to the Board including circulation of agenda and notes thereof as well as presentations on financials and other critical areas of operations of the company. The Board is also kept informed of major events/items and approvals are being taken wherever necessary. The Managing Director & CEO, at the Board Meetings keeps the Board apprised of the overall performance of the Company at such meetings.

During the financial year 2016-17, 6 (six) meetings of the Board of Directors were held in compliance of provisions of Section 173 of Companies Act, 2013. The meetings were held on April 12, 2016, July 04, 2016, July 29, 2016, November 16, 2016, February 10, 2017 & March 16, 2017. The provisions of Companies Act, 2013 and the Listing Regulations were adhered to while considering the time gap between any two meetings.



Attendance of the Directors during FY2017 is as under:

Name of the Director	Category of Director	Attendance at the last AGM held on July 29, 2016	Dates of Board meetings held, and attended					
			12-Apr-16	4-July-16	29-Jul-16	16-Nov-16	10-Feb-17	16-Mar-17
Mr. Srinivasan Varadarajan	Chairman (Non- Executive Director)	YES	YES	YES	YES	YES	YES	YES
Mr. Bipin Kumar Saraf	Managing Director (Executive Director)	YES	YES	YES	YES	YES	YES	YES
Mr. Bapi Munshi*	Director (Non- Executive Director)	NA	YES	NA	NA	NA	NA	NA
Mr. Cyril Anand Madireddi**	Director (Non- Executive Director)	YES	YES	YES	YES	YES	YES	YES
Mr. V.R. Kaundinya	Director (Independent Director)	YES	YES	YES	YES	YES	YES	YES
Mrs. Madhu Dubhashi	Director (Independent Director)	YES	YES	YES	YES	YES	YES	YES
Mr. K.N. Prithviraj***	Director (Independent Director)	YES	NA	NO	YES	YES	YES	YES

\* - Resigned w.e.f. April 12, 2016

\*\* - Appointed w.e.f. April 12, 2016

\*\*\* - Appointed w.e.f. July 04, 2016

#### 16. Details about Directors and KMPs who were appointed/resigned during the financial year

- i) During the year under review, on account of his pre-occupation and other commitments Mr. Bapi Munshi (DIN: 02470242), Director of the Company resigned from the Board of the Company w.e.f. April 12, 2016.
- ii) During the year under review Mr. Cyril Anand Madireddi (DIN: 07489389) and Mr. K N Prithviraj (DIN: 00115317), were appointed by the Board on 12<sup>th</sup> April, 2016 and 04<sup>th</sup> July, 2016 respectively as Additional Directors of the Company, and were appointed as Directors by the Members of the Company at the Annual General Meeting held on July 29, 2016.



#### **17. Directors retiring by rotation**

In accordance with the provisions of the Companies Act, 2013 read along with the applicable Company Rules, 2014, Mr Bipin Kumar Saraf, retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment. Mr. Bipin Kumar Saraf has been appointed as Managing Director of the Company for a period of 3 (three) years w.e.f. April 16, 2016 and such a re-appointment shall not be deemed to constitute a break in his appointment as Managing Director.

#### **18. Board Evaluation**

Evaluation of performance of all Directors is undertaken annually. The Company has implemented a system of evaluating performance of the Board of Directors and of its Committees and individual Directors on the basis of a structured questionnaire which comprises evaluation criteria taking into consideration various performance related aspects.

The Board of Directors has expressed its satisfaction with the evaluation process.

#### **19. A statement on declaration given by independent Directors**

The Board of Directors of the Company hereby confirms that all the Independent Directors duly appointed by the Company have given the declaration and they meet the criteria of independence as provided under section 149(6) of the Companies Act, 2013.

#### **20. Directors' Responsibility Statement**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- (a) that in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) 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 as at the end of the financial year and of the profit and loss of the company for that period;
- (c) 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;
- (d) The Directors have prepared the annual accounts on a going concern basis;



- (e) The Directors, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively and
- (f) 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.

## 21. Auditors

### I) Re-appointment of Statutory Auditors

The members of the Company at the 19th Annual General Meeting of the Company held on July 28, 2014, had appointed S.R. Batliboi & Co. LLP, Chartered Accountants, Mumbai, (FRN 301003E), as the Statutory Auditors of the Company for a period of 5 (Five) years to hold office from the conclusion of the 19th Annual General Meeting till the conclusion of the 23rd Annual General Meeting to be held in year 2018, subject to ratification of their appointment at every subsequent Annual General Meeting. A Resolution for the ratification of the appointment of S.R. Batliboi & Co. LLP as Statutory Auditors is being placed for the approval of the members at the forthcoming Annual General Meeting.

### II) Appointment of Internal Auditors

M/s J.K. Khanna & Co, Chartered Accountants, Mumbai (FRN – 105078W) have been acting as the internal auditors from FY 2014-2015. In terms of the Auditor's rotational policy, the Company is required to mandatorily appoint new internal auditors after every 3 (three) consecutive years. In this connection, the Board on the recommendation of the Audit Committee has appointed M/s ASJ & Company LLP, Chartered Accountants, Mumbai (FRN –133292W) as Internal Auditors of the Company for the F.Y. 2017-2018. The Board places on record its sincere appreciation for the services rendered by M/s J.K. Khanna & Co during their tenure as the internal auditors of the Company.

### III) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Ajay V. Mehta, Practising Company Secretary, Mumbai, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is provided as **Annexure II**. There are no qualifications or adverse remarks in the Secretarial Audit Report.

## 22. Committees of the Board & Management

The Company and its Board has constituted a set of independent, qualified and focused Committees of the Board constituting Directors of the Company. These Board Committees have specific terms of reference/scope to focus effectively on the issues and ensure expedient resolution of diverse matters. The Committees operate as empowered agents of the Board as per their charter/terms of reference.



In terms of the Companies Act, 2013 and the Listing Regulations, currently, the Board has five (5) Committees, viz: Audit Committee, Corporate Social Responsibility (CSR) Committee, Nomination Committee, Risk Management Committee (RMC) and Grievance Redressal Committee. The matters pertaining to financial results and auditors report are taken care of by the Audit Committee and those pertaining to remuneration of Key Executives and Directors are within the realms of, Nominations Committee. The Corporate Social Responsibility (CSR) Committee, focuses on compliance of CSR policy and framework by the Company and monitors the expenditure to be incurred by the Company. The RMC manages the integrated risk and further oversee the Risk Management function of the Company. The Grievance Redressal Committee specifically look into the mechanism of redressal of grievances of shareholders, debentures holders and other security holders.

The table below provides a snap shot of the Board and Committee composition as on March 31, 2017:

Board and Committee composition as on March 31, 2017							
Name	Board	Audit Committee	CSR Committee	Nomination Committee	Risk Management Committee	Grievance Redressal Committee	Committee of Directors
Mr. Srinivasan Varadarajan	C	-	-	-	-	-	C
Mr. Bipin Kumar Saraf	MD	-	M	M	M	C	M
Mr. Bapi Munshi*	D	M	C	M	C	-	M
Mr. Cyril Anand Madireddi**	D	M	C	M	C	C	M
Mr. V.R Kaundinya	ID	M	-	C	-	-	-
Mrs. Madhu Dubhashi	ID	C	M	M	M	-	-
Mr. K.N. Prithviraj***	ID	M	-	-	M	-	M

C – Chairperson, M – Member D- Director, ID- Independent Director, MD- Managing Director

\* - Resigned w.e.f. April 12, 2016

\*\* - Appointed w.e.f. April 12, 2016

\*\*\* - Appointed w.e.f. July 04, 2016





- I) **Audit Committee** - The Audit Committee was constituted on **January 11, 2013** and last re-constituted on July 29, 2016. As on March 31, 2017, the Audit Committee comprised of four (4) members, of which three (3) were independent Directors. During the financial year 2016-17, the Committee held six (6) meetings held on April 12, 2016, July 4, 2016, July 29, 2016, November 16, 2016, February 10, 2017 and March 16, 2017.

Name of the Director	No. of meetings held, and attended, during tenure						% of attendance
	1	2	3	4	5	6	
Mr. V.R Kaundinya	YES	YES	YES	YES	YES	YES	100%
Mrs. Madhu Dubhashi	YES	YES	YES	YES	YES	YES	100%
Mr. Bapi Munshi*	YES	NA	NA	NA	NA	NA	100%
Mr. Cyril Anand Madireddi**	NA	YES	YES	YES	YES	YES	100%
Mr. K.N. Prithviraj***	NA	NA	YES	YES	YES	YES	100%

\* - Resigned w.e.f. April 12, 2016

- \*\*Appointed as member of the Committee w.e.f. July 04, 2016

\*\*\* - Appointed as member of the Committee w.e.f. July 29, 2016

- II) **Nomination and Remuneration Committee** - The Nomination and Remuneration Committee was constituted on January 11, 2013 and last re-constituted on July 29, 2016. As on March 31, 2017, the Nomination Committee comprised of four (4) members, of which two (2) were independent Directors. The chairperson of the Committee is an independent Director. During the financial year 2016-17, the Committee held three (3) meetings. These were held on April 12, 2016, July 04, 2016 & March 16, 2017.

Name of the Director	No. of meetings held, and attended, during tenure			% of attendance
	1	2	3	
Mr. V.R Kaundinya	YES	YES	YES	100%
Mrs. Madhu Dubhashi	YES	YES	YES	100%
Mr. Bipin Kumar Saraf	YES	YES	YES	100%
Mr. Bapi Munshi	YES	NA	NA	100%
Mr. Cyril Anand Madireddi*	NA	YES	YES	100%

\* - Appointed as member of the Committee w.e.f. July 04, 2016

- III) **Risk Management Committee** - The Risk Management Committee of the Company was constituted on January 11, 2013 and last re-constituted on July 29, 2016. As on March 31, 2017, the Risk Management Committee comprised of four (4) members, of which two (2) were independent



Directors. During the financial year 2016-17, the Committee held four (4) meetings held on April 12, 2016, July 29, 2016, November 16, 2016 & February 10, 2017.

Name of the Director	No. of meetings held, and attended, during tenure				% of attendance
	1	2	3	4	
Mrs. Madhu Dubhashi	YES	YES	YES	YES	100%
Mr. Bipin Kumar Saraf	YES	YES	YES	YES	100%
Mr. Bapi Munshi	YES	NA	NA	NA	100%
Mr. Cyril Anand Madireddi*					
Mr. K.N. Prithviraj**	NA	YES	YES	YES	100%

Appointed as member of the Committee w.e.f. July 04, 2016

\*\* - Appointed as member of the Committee w.e.f. July 29, 2016

**IV) CSR Committee** - The CSR Committee was constituted on March 10, 2015 and last re-constituted on July 29, 2016. As on March 31, 2017, the Committee comprised of three (3) members, of which one (1) was an independent Director. During the financial year 2016-17, the Committee met once on February 10, 2017, which was attended by all the members.

**V) Grievance Redressal Committee** - The Grievance Redressal Committee was constituted on January 21, 2013 and last re-constituted on July 29, 2016. As on March 31, 2017, the Committee comprised of two (2) members. During the financial year 2016-17, there were no meetings being conducted.

**VI) Committee of Directors** - The Committee of Directors of the Company was constituted on January 11, 2013 and last re-constituted on July 29, 2016. As on March 31, 2017, the Committee of Directors comprised of four (4) members, of which two (2) were independent Directors. During the financial year 2016-17, the Committee held four (7) meetings held on April 12, 2016, August 03, 2016, September 19, 2016, November 16, 2016, December 15, 2016, February 10, 2017 and March 16, 2017.

Name of the Director	No. of meetings held, and attended, during tenure							% of attendance
	1	2	3	4	5	6	7	
Mr. V. Srinivasan	YES	YES	YES	YES	YES	YES	YES	100%
Mr. Bipin Kumar Saraf	YES	YES	YES	YES	YES	YES	YES	100%
Mr. Bapi Munshi	YES	NA	NA	NA	YES	YES	YES	100%
Mr. Cyril Anand	NA	YES	YES	YES	YES	YES	YES	100%
Mr. K.N. Prithviraj*	NA	YES	YES	YES	YES	YES	YES	100%



**23. Policies on appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of section 178**

The Company has a Nomination and Remuneration Policy formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto as amended from time to time. The policy shall apply to all Directors (Executive and Non-Executive), Key Managerial Personnel and Senior Management. The Policy lays down the roles of the Committee, criterion for appointment of Directors, Key Managerial Personnel and Senior Management and parameters for determining the remuneration of Directors, Key Managerial Personnel, Senior Management and other employees. The Nomination & Remuneration Policy is enclosed herewith as **Annexure- III**

**24. Human Resources**

Your Company believes in providing a conducive and challenging work environment for nurturing potential, encouraging performance and retaining talents at all levels. At the end of March 2017 the company had 52 employees including deputed staff from Axis Bank as against 34 as at March 2016, indicating 53% increase in manpower by 18 employees at various locations and levels. As a part of our long-term vision, the company consistently invests in employee training, helping grow the team's learning curve.

Your Directors place on record the appreciation of effort and dedication of the employees in achieving good results during the year under review.

The information required under Section 197 of the Companies Act, 2013 and the rules framed thereunder, is annexed as **Annexure IV** to this Report.

**25. Reservation and qualification on Auditors' Report**

The notes to Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments. The statutory auditors have not made any reservation or qualification in their Audit Report.

**26. Particulars of Loans, Guarantees or Investments under section 186 of the Companies Act, 2013**

The Company, being a NBFC, is engaged in the business of financing loans to corporates, institutions etc and thus pursuant to Section 186 (11) of the Companies Act, 2013, lending business is an activity covered in the ordinary course of business.



**27. Particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis. Relevant Form (AOC-2) 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 is given as **Annexure V** to this Report.

During the year, the Company has not entered into any contract/arrangement/transaction with related parties which may have a potential conflict with the interest of the Company at large.

Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions had been placed before the Audit Committee for its review on a periodic basis. None of the Directors has any pecuniary relationship or transactions with the Company.

**28. Management Discussions and Analysis**

The Management Discussion and Analysis is annexed herewith as **Annexure VI**.

**29. Conservation of energy & technology absorption and Foreign exchange earnings and Outgo**

- A. Since the Company does not carry any manufacturing activities, particulars to be disclosed with respect to Conservation of energy & technology absorption under Section 134 (3) (m) of Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are not applicable. The Company is however, constantly pursuing its goal of technological up-gradation in a cost effective manner for delivering quality customer service.
- B. During the year under review, there has been no earnings and outgo in foreign exchange.

**30. Risk Management**

Periodic assessments to identify the risk areas are carried out and management is briefed on the risks in advance to enable the company to control risk through a properly defined plan. The risks are classified as financial risks, operational risks and market risks. The risks are taken into account while preparing the annual business plan for the year. The Board is also periodically informed of the business risks and the actions taken to manage them. The Company has formulated a policy for Risk management with the following objectives:

- Provide an overview of the principles of risk management



- Explain approach adopted by the Company for risk management
- Define the organizational structure for effective risk management
- Develop a “risk” culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions.
- Identify, access and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company’s human, physical and financial assets

**31. Details on Corporate Social Responsibility (CSR) policy and its implementation**

CSR Policy has been framed in accordance with Section 135 of the Companies Act, 2013 and the rules framed thereunder. As part of its initiatives under “Corporate Social Responsibility” (CSR), the Company through Axis Bank Foundation has undertaken projects in the areas of Education, Livelihood, Health, Water and Sanitation. These projects are in accordance with Schedule VII of the Companies Act, 2013. The Company had transferred Rs.2.25 Cr to Axis Bank Foundation on March 23, 2017 for the purpose of expenditure towards CSR activities. The details of the same are enclosed as **Annexure – VII** to this Report as mandated under the said Rules.

**32. Disclosures about annual performance evaluation by the Directors of the Company of its own and Committees and individual Directors**

The Nomination and Remuneration Committee lays down the criteria for performance evaluation of independent Directors and other Directors, Board of Directors and Committees of the Board of Directors. The criteria for performance evaluation covers the areas relevant to their functioning as independent Directors or other Directors, member of Board or Committees of the Board.

**33. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company’s operations in future.**

In terms of the information required under Sub-section (3)(i) of Section 134 it is to be noted that there are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and company’s operations in future.

**34. Details in respect of adequacy of internal financial controls with reference to the Financial Statements.**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of



internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

### **35. Vigil Mechanism / Whistle Blower Policy**

The Company has adopted the code of conduct for employee and also Directors for the highest degree of transparency, integrity, accountability and corporate social responsibility. Any actual or potential violation of the Code will be a matter of serious concern for the Company. The Company also has Whistle Blower Policy to deal with instance of fraud and mismanagement, if any.

Employees of the Company are encouraged to use guidance provided in the Policy for reporting all allegations of suspected improper activities.

### **36. Policy of Prevention of Sexual Harassment of Women at workplace**

The Company has framed a Policy of Prevention of sexual harassment at workplace. There were no cases reported during the year ended March 31, 2017 under this Policy.

### **37. Compliances of RBI Guidelines**

The company continues to comply with the applicable regulations and guidelines of the Reserve Bank of India as applicable to a Non- Banking Non Deposit Taking Systemically Important Loan Company ('NBFC-ND-SI'). The company has submitted returns with RBI on timely basis.

### **38. Update on the proposed Amalgamation of Axis Private Equity Limited with the Company**

The Board of Directors approved the proposal to amalgamate the entity viz. Axis Private Equity Limited with the Company at its meeting held on July 04, 2016 subject to requisite approvals of various statutory authorities. Post amalgamation, Axis Finance Limited shall require to issue 15,00,000 number of equity shares of Rs 10/- each aggregating to Rs 1,50,00,000/- to the shareholders of Axis Private Equity Limited (Axis PE).

Both the Companies/entities are wholly owned subsidiaries of Axis Bank Ltd. As part of the Group restructuring process and also in order to improve operating efficiencies, amalgamation was proposed.

On 29<sup>th</sup> July, 2016, the shareholders at the Annual General Meeting, approved the scheme of amalgamation of Axis PE with the Company. The Company also received an approval from the RBI conveying their no objection for the said amalgamation of Axis PE with the Company.



The Board of Directors were informed on November 16, 2016 that the filing of Amalgamation Petition was kept on hold for the time being as instructed by Axis Bank Strategy Team.

Your Directors are now pleased to inform you that the aforesaid issues have been sorted out and the Board has been approached once again to grant an in-principle approval for re-starting the merger process. Upon receipt of an in-principle approval, the formal process of amalgamation (including preparation of scheme, appointment of intermediaries etc) will be undertaken and accordingly the shareholders will be approached to seek their approval to the proposed amalgamation and the Scheme of Amalgamation.

### 39. Acknowledgement

The Directors gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year. The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

**FOR AND ON BEHALF OF BOARD OF DIRECTORS**



**SRINIVASAN VARADARAJAN**  
**CHAIRMAN**  
**DIN: 00033882**



**BIPIN KUMAR SARAF**  
**MANAGING DIRECTOR & CEO**  
**DIN: 06416744**



**Place: Mumbai**

**Date: April 11, 2017**

**Place- Mumbai**

**CIN: U65921MH1995PLC212675**

**Annexure – I**

**AXIS FINANCE LIMITED**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on March 31, 2017**

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN: - U65921MH1995PLC212675
- ii) Registration Date- 27/04/1995
- iii) Name of the Company: AXIS FINANCE LIMITED
- iv) **CATEGORY OF THE COMPANY: -**
  - (1) Public Company-
  - (2) Private company-

**SUB CATEGORY OF THE COMPANY:**

- 1) Government Company-
- 2) Small Company-
- 3) One Person Company-
- 4) Subsidiary of Foreign Company-
- 5) NBFC-
- 6) Guarantee Company-
- 7) Limited by shares -
- 8) Unlimited Company-
- 9) Company having share capital-
- 10) Company not having share capital-
- 11) Company Registered under Section 8-

**v) Address of the Registered Office and contact details**

Address :	Axis House, Ground Floor, Wadia International Centre ,Worli
Town / City :	Mumbai
District :	Mumbai
State :	Maharashtra
Telephone :(With STD Area Code Number)	022- 4325 5717
Pin Code	400025
Fax Number :	022-4325 5732
Email Address :	<a href="mailto:Rajneesh.Kumar@axisbank.com">Rajneesh.Kumar@axisbank.com</a>
Website (if any)	<a href="http://www.axisfinance.co.in/">http://www.axisfinance.co.in/</a>





## AXIS FINANCE LIMITED

vi) Whether Shares Listed On Recognized Stock Exchange(s) –No

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any

Name of Registrar & Transfer Agents:KARVY COMPUTERSHARE PVT. LTD.

Address :	Karvy House, 46, Avenue 4, Street No.1, Banjara Hills
Town / City :	Hyderabad
District :	Hyderabad
State :	Telangana
Telephone :(With STD Area Code Number)	040 - 23312454
Pin Code	500 034
Fax Number :	040 - 23311968
Email Address :	Varghese@karvy.com

**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:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Interest on Loans	65923	77.98%
2	Income from Processing fees	65923	10.39%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	Axis Bank Limited Add: Trishul, 3rd Floor, Opp Samartheshwar Temple, Law Garden, Ellisbridge Ahmedabad 380006	L65110GJ1993 PLC020769	Holding	100*	Section 2(46)

\*Including 60 shares (0.000019) held by individuals as Nominee of Axis Bank Limited. (Beneficial ownership is with Axis Bank Limited.)

Note1- As per Balance sheet there is no investment, so there is no subsidiary.

Note 2-As per the definition of Associate Company "associate company", in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

*Explanation.*—For the purposes of this clause, "significant influence" means control of at least twenty per cent of total share capital, or of business decisions under an agreement;

Therefore there is no Associate Company.

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

i) Category-wise Share Holding



AXIS FINANCE LIMITED

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	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.									
e) Banks / FI	36,82,4	50**	36,82,4	100*	41,82,49,9	50**	41,82,50,000*	100*	13.58%
f) Any Other....	9,950*		50,000*		50*				
Sub-total (A) (1):-									
(2) Foreign									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									



AXIS FINANCE LIMITED

e) Any Other.... Sub-total (A) (2):- Total shareholdi ng of Promoter (A) = (A)(1)+(A)( 2)	36,82,4 9,950*	50**	36,82, 50,000	100*	41,82,49,9 50*	50**	41,82,4 9,950*	100*	13.58%
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AXIS FINANCE LIMITED

<b>B. Public Shareholding</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<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 shareholder									



AXIS FINANCE LIMITED

rs holding nominal share capital uptoRs. 1 lakh ii) Individual shareholde rs holding nominal share capital in excess of Rs 1 lakh c) Others (specify) <b>Sub-total (B)(2):-</b>									
Total Public Sharehold ng (B)=(B)(1)+ (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL				NIL				
<b>Grand Total (A+B+C)</b>	<b>36,82,50,000</b>				<b>41,82,50,000</b>				<b>13.58%</b>

\*Including 10 shares held by individual as Nominee of Axis Bank Limited (Beneficial ownership of which is with Axis Bank Limited.)

\*\*Being shares held by individuals as Nominee of Axis Bank Limited (Beneficial ownership of which is with Axis Bank Limited.)



AXIS FINANCE LIMITED

ii) Shareholding of Promoters

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of 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	% change in share holding during the year
1	Axis Bank Limited	36,82,50,000	36,82,50,000	NIL	41,82,50,000	100*	NIL	13.581%
	<b>Total</b>	<b>36,82,50,000</b>	<b>36,82,50,000</b>	<b>NIL</b>	<b>41,82,50,000</b>	<b>100*</b>	<b>NIL</b>	<b>13.581%</b>

\*Including 60 shares held by individuals as Nominee of Axis Bank Limited (Beneficial ownership of which is with Axis Bank Limited.)

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

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	*31,82,50,000	100	*31,82,50,000	100
1	27.06.2016- Allotment of Equity Shares on Rights basis	5,00,00,000		*41,82,50,000	100
	At the End of the year	*36,82,50,000		*41,82,50,000	100

\*Including 60 shares held by individuals as Nominee of Axis Bank Limited (Beneficial ownership of which is with Axis Bank Limited.)

Note-Date wise Increase /Decrease in Promoters Share holding during the yearspecifying the reasons for increase / decrease (e.g.Allotment/transfer / bonus/ sweat equity etc):

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



**AXIS FINANCE LIMITED**

Note- 100% shares are held by Axis Bank Limited, the holding Company including 60 shares held by individuals as Nominee of Axis Bank Limited (beneficial ownership of which is with Axis Bank.)

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

Sr. No	Name	Designation	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the Beginning of the year:						
1	*Srinivasan Varadarajan	Director	10	Negligible	10	Negligible
2	*Bipin Kumar Saraf	MD & CEO	10	Negligible	10	Negligible
At the End of the year:						
1	*Srinivasan Varadarajan	Director	10	Negligible	10	Negligible
2	*Bipin Kumar Saraf	MD & CEO	10	Negligible	10	Negligible

Note / Decrease in Promoters Share holding during the years specifying the reasons for increase / decrease (e.g./transfer / bonus/ sweat equity etc):

**\*held as a nominee of Axis Bank Limited**

**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	13,88,59,59,387	12,00,44,75,579	NIL	25,89,04,34,966
ii) Interest due but not paid	NIL	NIL		NIL
iii) Interest accrued but not due	37,73,00,159	NIL		37,73,00,159
<b>Total (i+ii+iii)</b>	<b>14,26,32,59,546</b>	<b>12,00,44,75,579</b>	<b>NIL</b>	<b>26,26,77,35,125</b>
<b>Change in Indebtedness during the financial year</b>				
☑ Addition	7,67,79,932	16,70,15,90,564	NIL	16,77,83,70,496
☑ Reduction	NIL	NIL		
<b>Net Change</b>	<b>7,67,79,932</b>	<b>16,70,15,90,564</b>	<b>NIL</b>	<b>16,77,83,70,496</b>



AXIS FINANCE LIMITED

<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	13,96,27,39,319	28,70,60,66,143	NIL	42,66,88,05,462
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	1,03,04,05,541	NIL	NIL	1,03,04,05,541
<b>Total (i+ii+iii)</b>	<b>14,99,31,44,860</b>	<b>28,70,60,66,143</b>	<b>NIL</b>	<b>43,69,92,11,003</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

Sl.No.	Particulars of Remuneration	Name of MD	Total Amount (Rs. in Lacs)
		Mr. Bipin Kumar Saraf	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		139.10
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		6.24
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		NIL
2	Stock Option		NIL
3	Sweat Equity		NIL
4	Commission as % of profit		NIL
5	Others, please specify Variable Incentives		Included in point 1 above – part of 17(1) above
	Total (A)		<b>145.34</b>
	Ceiling as per the Act <b>*5% of the net profit calculated as per Section 198</b>		1055.00

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount (Rs. in Lacs)
1.	Independent Directors	Mr. V.R Kaundinya	Mrs. Madhu Dubhashi	Mr. K.N Prithviraj	





AXIS FINANCE LIMITED

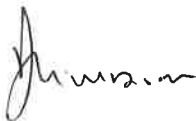
	<input checked="" type="checkbox"/> Fee for attending board / committee meetings	7.50	10.50	8.50	26.50
	<input checked="" type="checkbox"/> Commission	NIL	NIL		NIL
	<input checked="" type="checkbox"/> Others, please specify	NIL	NIL		NIL
	Total (1)	7.50	10.50	8.50	26.50
	2. Other Non-Executive Directors	NIL			NIL
	<input checked="" type="checkbox"/> Fee for attending board /				

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl.no.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total (Rs. In Lacs)
1	Gross salary	37.78	70.93	108.71
	(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	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission as % of profit	NIL	NIL	NIL
5	Others			
	Total	<b>37.78</b>	<b>70.93</b>	<b>108.71</b>

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES(Under the Companies Act): NONE

For and on behalf of the Board of Directors



**SRINIVASAN VARADARAJAN**  
CHAIRMAN  
DIN: 00033882



**BIPIN KUMAR SARAF**  
MANAGING DIRECTOR & CEO  
DIN: 06416744



Date: 11.04.2017

Place Mumbai

**AJAY V. MEHTA**  
**COMPANY SECRETARY**

20, C. J. New Kapor Niwas, 2<sup>nd</sup> Floor, Haveli Compound, M. G. Road, Ghatkopar (E), Mumbai 400 077  
Contact: Cell: 09224 330 973 • Email: avmehta25@gmail.com

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Date: 10<sup>th</sup> April, 2017.

To,  
**The Members,**  
**Axis Finance Limited**  
**Mumbai**

My 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. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of provisions of corporate and other applicable laws, rules, regulation, standards is the responsibility of management. My 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.

*Ajaya Mehta*  
**AJAY V. MEHTA**  
**PRACTICING COMPANY SECRETARY**  
**A.C.S.9332 C.P.7247**

PS: Attached hereto is our Secretarial Audit Report (Form No. MR-3) of Even Date.

**AJAY V. MEHTA**  
**COMPANY SECRETARY**

20, C. J. New Kopol Niwas, 2<sup>nd</sup> Floor, Haveli Compound, M. G. Road, Ghatkopar (E), Mumbai 400 077  
Contact: Cell: 09224 330 973 • Email: avmehta25@gmail.com

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**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2017

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration Managerial Personnel) Rules, 2014]*

To,  
**The Members,**  
**Axis Finance Limited**  
**Mumbai**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Axis Finance Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts /statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minutes 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 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:

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by **Axis Finance Limited** ("the Company") for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- A) (1)** The Companies Act, 2013 (the Act) & the rules made there under and the Companies Act, 1956 to the extent applicable;
- (2)** Listing Agreement / The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 i.r.o Listed Debt Securities of the Company;
- (3)** The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (4)** The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;

**Contd...2**



# AJAY V. MEHTA

## COMPANY SECRETARY

20, C. J. New Kapol Niwas, 2<sup>nd</sup> Floor, Haveli Compound, M. G. Road, Ghatkopar (E), Mumbai 400 077  
Contact: Cell: 09224 330 973 • Email: avmehta25@gmail.com

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- (5) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Securities and Exchange Board Of India (Prohibition of Insider Trading) Regulations, 2015;;
- (6) The Reserve Bank of India Act (Department of Non-Banking Supervision, Non Banking Financial (ND SI), Companies Prudential Norms (Reserve Bank) Directions;
- (7) 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;
- (8) Prevention of Money Laundering Act, 2002.
- (9) The Bombay Stamp Act, 1958.
- (10) The Information Technology Act, 2000.

**B)** I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards (SS-1 & SS-2) issued by the Institute of Company Secretaries of India, New Delhi.

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

During the year under review, provisions of the following Regulations (as enumerated in the prescribed format of Form MR-3) were not applicable to the Company:

- (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (iii) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014;
- (iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009;
- (v) The Securities and Exchange Board of India (Buyback of Securities) Regulations 1998.



Contd...3

# AJAY V. MEHTA

## COMPANY SECRETARY

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**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors & Non-Executive Directors pursuant to the provisions of Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the relevant Act.

Adequate notice had been given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and that 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.

Unanimous decisions were carried through as there was no case of dissent of any Director in respect of any decision and was accordingly captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in place in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines as mentioned herein above

**I further report that** during the audit period the Company had specific events / actions as detailed in **Annexure I** to this Report having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to herein above.

Place : Mumbai

Date : 10<sup>th</sup> April, 2017.

*Ajaya*  
**AJAY V. MEHTA**  
**PRACTICING COMPANY SECRETARY**  
**A.C.S.9332 C.P.7247**

# AJAY V. MEHTA

## COMPANY SECRETARY

20, C. J. New Kapol Niwas, 2<sup>nd</sup> Floor, Haveli Compound, M. G. Road, Ghatkopar (E), Mumbai 400 077  
Contact: Cell: 09224 330 973 • Email: avmehta25@gmail.com

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### Annexure I

#### List of Specific Events and Actions for FY 2016-17:

- A) Special Resolutions passed at the AGM held on 29.07.2016 w.r.t
- a) Increasing the Borrowing Powers of the Company to Rs.15,000 Crores over and above the Paid up Share Capital and Free Reserves of the Company.
  - b) Borrowing or Raising of funds in following manner:-
    - I. Rs.400 Crores for issuance forming part of Tier II capital
    - II. Rs.10,000 Crores by issue of Commercial Papers.
    - III. Private Placement of Debentures of a face value of Rs.10,00,000 each, in the nature of Secured/unsecured, Redeemable, Non-Convertible Debentures, for the aggregate amount up to Rs.2000 Crores.
  - c) Approval to the Board of Directors to mortgage and/or charge and/or sell and/or lease and/or dispose off all or any of the movable and/or immovable properties and assets and the whole or substantially the whole of the undertaking/s of the Company.
  - d) Approval of scheme of amalgamation of Axis Private Equity Ltd (transferor company) with the Company (transferee company).
- B) Issue of 5,00,00,000 Equity shares of Rs.10/- each at a premium of Rs.10/- per share on Rights basis vide Resolution passed at the Board Meeting held on 12.04.2016.
- C) Allotment on 27.06.2016, of 5,00,00,000 Equity shares of Rs.10/- each at a premium of Rs.10/- per share on Rights basis.
- D) Appointment of Mr. Kokkarne Natarajan Prithviraj as Independent Director of the Company to hold office for a term of 5 (five) consecutive years w.e.f 29th July 2016.
- E) Appointment of Mr. Cyril Anand as Director of the Company at the AGM held on 29th July 2016.
- F) Re-appointment of Mr. Bipin Saraf (DIN: 06416744) as Managing Director and CEO of the Company for a period of 3 (Three) years w.e.f 16.04.2016 and revision in his remuneration effective from 01.04.2016
- G) Execution of Debenture Trust Deed on 22.08.2016 for issue of Debentures to the extent of Rs.440 crs.
- H) Allotment of Debentures:
- i) 100 Secured Redeemable Non Convertible Debentures of Rs.1000000/- each on 17/05/2016.
  - ii) 50 Secured Redeemable Non Convertible Debentures of Rs.1000000/- each on 15/09/2016.
  - iii) 2000 unsecured, subordinated (Tier II) redeemable NCDS of Rs. 1000000/- each on 05/08/2016.

## **NOMINATION AND REMUNERATION POLICY**

This Nomination and Remuneration Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors.

### **Definitions:**

“Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961;

“Key Managerial Personnel” means:

- i) Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii) Chief Financial Officer;
- iii) Company Secretary; and
- iv) such other officer as may be prescribed.

“Senior Managerial Personnel” mean the personnel of the company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management, of rank equivalent to Senior Vice President and above, including all functional heads.

### **Objective:**

The objective of the policy is to ensure that

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.



**APPLICABILITY:**

The Policy shall be applicable to:

- (a) Directors (Executive and Non Executive)
- (b) Key Managerial Personnel
- (c) Senior Management, which means:-
  - (i) Personnel of the Company who are members of its core management team excluding Board of Directors.  
This would also include all members of management one level below the executive directors including all functional heads.

**CONSTITUTION OF COMMITTEE:**

- (i) The Committee shall consist of minimum 3 Non-Executive Directors and majority of them being Independent Director.
- (ii) Chairman of the Committee shall be an Independent Director
- (iii) Minimum two members shall constitute a quorum for the meeting.

**ROLE OF THE COMMITTEE:**

The role of the NRC will be the following:

- To formulate Fit & Proper criteria for determining qualifications, positive attributes and independence of a Director in line with the prescribed guidelines of the RBI or other regulatory bodies.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- To carry out evaluation of Director's performance.
- To recommend to the Board the appointment and removal of Directors, Key Managerial Personnel and Senior Management
- To recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- To devise a policy on Board diversity, composition, size.
- To ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks,
- To ensure that the remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals





- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

#### **FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required.

#### **APPOINTMENT OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT**

- i) The Nomination and Remuneration Committee shall identify persons who are qualified to become Directors and who may be appointed as Key Managerial Personnel and Senior Management.
- ii) The Committee shall ascertain the qualifications, expertise and experience of the persons to be appointed as Directors, Key Managerial Personnel and Senior Management and recommend their appointment to the Board of Directors.
- iii) The decision of the Board of Directors based on the recommendation of the Committee shall be final
- iv) The appointment including tenure of Directors and Key Managerial Personnel shall be subject to the policy of the company, provisions of Companies Act, 2013, and other relevant laws.
- v) The Committee shall evaluate their performance on a yearly basis and recommend their removal to the Board, if required.

#### **REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT AND OTHER EMPLOYEES**

- i) The remuneration payable to the Whole Time Directors shall be as per the provisions of the Companies Act, 2013 and other relevant provisions.
- ii) The remuneration payable to Key Managerial Personnel and Senior Management shall be approved by the Committee on case to case basis.
- iii) The increments to the existing remuneration structure
  - a) In relation to Board of Directors shall be based on the evaluation of performance
  - b) In relation to Key Managerial Personnel and Senior Management shall be approved by the Committee based on the recommendation of the Managing Director
  - c) In relation to others shall be approved by the Managing Director based on the market conditions, performance of the company and other relevant factors from time to time.



**FIT AND PROPER CRITERIA FOR DIRECTORS**

Fit and Proper Criteria for Directors as prescribed by The Reserve Bank of India should be adhered with.

**REMUNERATION TO NON-EXECUTIVE AND INDEPENDENT DIRECTORS**

The Non-Executive and Independent Directors of the Company shall only be paid sitting fees (as determined by the Board from time to time) for attending Board/ Committee meetings apart from reimbursement of expenses incurred for attending the meetings.

**FOR AND ON BEHALF OF BOARD OF DIRECTORS**

**SRINIVASAN VARADARAJAN**  
**CHAIRMAN**  
**DIN: 00033882**



**BIPIN KUMAR SARAF**  
**MANAGING DIRECTOR & CEO**  
**DIN: 06416744**

**Place: Mumbai**

**Date: April 11, 2017**

**Place- Mumbai**

**CIN: U65921MH1995PLC212675**

## ANNEXURE- IV

### Disclosure requirement in Annual Report as prescribed under Companies Act, 2013 –Human Resources

The information relating to managerial remuneration in terms of Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are detailed as under: –

- (i) the ratio of the remuneration of each whole time director of the Company to the median remuneration of the employees of the Company for the financial year 2016-17;

Ratio of the remuneration of the whole time director of the company to the median remuneration of the employees of the company are, Mr. Bipin Kumar Saraf, MD & CEO -1: **11.32**.

*Information is only in respect of whole time directors who are on rolls of the Company as on 31<sup>st</sup> March 2017*

- (ii) the percentage increase in remuneration of each whole time director, Chief Financial Officer and the Company Secretary of the Company, during the financial year 2016-17, are as under;

Percentage increase in remuneration of Mr. Bipin Kumar Saraf, MD & CEO was 12%, Mr. Amith Iyer, Chief Financial Officer was 8.6% & Mr. Rajneesh Kumar, Company Secretary was 21%

- (iii) the percentage increase in the median remuneration of employees of the Company during the financial year;

Median remuneration of employees of the company increased by 1% during the financial year 2016-17, as compared to the financial year 2015-16. This is on account of addition of manpower in FY 16 in the lower & middle level management.

- (iv) the number of permanent employees on the rolls of the Company; -

The company had 45 permanent employees on its rolls as on March 31, 2017.

- (v) the explanation on the relationship between average increase in remuneration and company performance;

The company's performance management and compensation philosophies are structured to support the achievement of the Company's strategic business objectives. These strategic priorities are cascaded through annualised objectives to the employees. Based on the Company's performance, individual performance, market benchmarks on compensation and attrition trends, compensation strategy including increment benchmarks are proposed by the Nomination and Remuneration Committee of the Directors of the Company for adoption by the Company.



- (vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;

As stated earlier, the company's performance management and compensation philosophies are structured to support the achievement of the company's strategic business objectives.

The company follows a KRA approach in designing its performance management system. Adequate attention is given to robust goal setting process to ensure alignment of individual objectives to support the achievement of business strategy, financial and non-financial goals across and through the organization. The non-financial goals for employees includes customer service, process improvement, adherence to risk and compliance norms, self-capability development and behaviours such as integrity and team management.

Accordingly the remuneration for Key Managerial Personnel has been decided based on the above parameters.

- (vii) variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies;

**Not Applicable as our equity shares are not listed**

- (viii) average percentile increase already made in the salaries of employees of the company other than its managerial personnel (viz. whole time directors of the Company) during the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

Average remuneration increase for Non managerial personnel of the company during the financial year was 12% and the average remuneration increase for the said managerial personnel of the company was around 14%

- (ix) comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;

The company's performance management and compensation philosophies are structured to support the achievement of the Company's on-going business objectives by rewarding achievement of objectives linked directly to its strategic business priorities. These strategic priorities are cascaded through annualised objectives to the employees.

The remuneration is decided taking into account the company's performance, individual performance and market benchmarks. The same is first approved by Nomination and Remuneration Committee of the Board of Directors and thereafter it is recommended to the Board for its approval.

Accordingly, percentage increase in remuneration of Mr. Bipin Kumar Saraf, MD & CEO was 12%, Mr. Amith Iyer, Chief Financial Officer was 8.6% & Mr. Rajneesh Kumar, Company Secretary was 21%



- (x) the key parameters for any variable component of remuneration availed by the Whole Time Directors of the company;
- Percentage of variable pay for the MD & CEO to be capped at 70% of fixed pay (AFL is adhering to RBI guidelines for Banks on the variable pay payable to MD & CEO.
- (xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year

**Not Applicable**

- (xii) Affirmation that the remuneration is as per the remuneration policy of the company.

We affirm that the remuneration paid is as per the said Remuneration Policy of the company.

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company forms part of this Report. The Company had 2 employee(s) who were employed throughout the year and were in receipt of remuneration of more than Rs. 60 lakh per annum and none of the employee(s) were employed for part of the year and who was in receipt of remuneration of more than Rs.5 lakh per month. In terms of Section 136 of the Companies Act, 2013, the copy of the financial statements of the Company including the consolidated financial statements, the auditor's report and relevant annexures to the said financial statements and reports are being sent to the Members and others entitled thereto, excluding the information in respect of the said employees containing the particulars as specified in Rule 5(2) of the said rules which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, he may write to the Company Secretary of the Company at the Registered Office. The financial statements, reports etc. of the Company have been hosted on the website of the Company ([www.axisfinance.co.in](http://www.axisfinance.co.in))

**FOR AND ON BEHALF OF BOARD OF DIRECTORS**



**SRINIVASAN VARADARAJAN**  
**CHAIRMAN**  
**DIN: 00033882**



**BIPIN KUMAR SARAF**  
**MANAGING DIRECTOR & CEO**  
**DIN: 06416744**

**Place: Mumbai**

**Date: April 11, 2017**

**Place- Mumbai**

**CIN: U65921MH1995PLC212675**

**Annexure - V**

**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 at arm’s length basis

a)	Name (s) of the related party and nature of relationship	:	NIL
b)	Nature of contracts/arrangements/transactions	:	NIL
c)	Duration of the contracts / arrangements / transactions	:	NIL
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	:	NIL
e)	Justification for entering into such contracts or arrangements or transactions	:	NIL
f)	Date (s) of approval by the Board	:	NIL
g)	Amount paid as advances, if any	:	NIL
h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	:	NIL



## AXIS FINANCE LIMITED

### 2. Details of material contracts or arrangement or transactions at arm's length basis

a)	Name (s) of the related party and nature of relationship	:	Axis Bank Limited
b)	Nature of contracts / arrangements / transactions	:	1) Rent Paid 2) Bank Charges 3) Current Account Balance 4) LOC Account Balance 5) OPE Salary 6) Capital Infusion 7) Interim Dividend Paid 8) OPE Reimbursement 9) Demat A/c Chgs 10) IPA Commission Charges Paid 11) Retainership Fees Reimbursement 12) Arrangership Fees 13) Escrow Fees Paid 14) Interest Paid on Line of Credit 15) Processing Fees received 16) NACH Charges 17) Service Chgs Other (IT Service Fees) 18) Referral Fees 19) Commercial Paper Issued 20) Non - Convertible Debentures
c)	Duration of the contracts / arrangements / transactions	:	Continuous
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	:	Refer Financial statements
e)	Date (s) of approval by the Board, if any	:	Transaction at arm's length and in ordinary course of business
f)	Amount paid as advances, if any	:	NIL

### 3. Details of material contracts or arrangement or transactions at arm's length basis



## AXIS FINANCE LIMITED

a) a)	Name (s) of the related party and nature of relationship	:	Axis Capital Limited
b)	Nature of contracts/arrangements/transactions	:	1) Service charges (Exp)
c)	Duration of the contracts / arrangements / transactions	:	Continuous
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	:	Refer Financial statements
e)	Date (s) of approval by the Board, if any	:	Transaction at arm's length and in ordinary course of business
f)	Amount paid as advances, if any	:	NIL

#### 4. Details of material contracts or arrangement or transactions at arm's length basis

a)	Name (s) of the related party and nature of relationship	:	Axis Securities Limited
b)	Nature of contracts/arrangements/transactions	:	1) Rent Paid 2) Internet Charges (Exp) 3) Demat Chgs 4) Brokerage Paid
c)	Duration of the contracts / arrangements / transactions	:	Continuous
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	:	Refer Financial statements
e)	Date (s) of approval by the Board, if any	:	Transaction at arm's length and in ordinary course of business
f)	Amount paid as advances, if any	:	NIL





AXIS FINANCE LIMITED

5. Details of material contracts or arrangement or transactions at arm's length basis

a)	Name (s) of the related party and nature of relationship	:	Axis Trustee Services Ltd
b)	Nature of contracts/arrangements/transactions	:	1) Annual Fees
c)	Duration of the contracts / arrangements / transactions	:	Continuous
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	:	Refer Financial statements
e)	Date (s) of approval by the Board, if any	:	Transaction at arm's length and in ordinary course of business
f)	Amount paid as advances, if any	:	NIL

FOR AND ON BEHALF OF BOARD OF DIRECTORS



SRINIVASAN VARADARAJAN

CHAIRMAN

Din No.00033882

Place : Mumbai

Date: 12.04.2016

CIN: U65921MH1995PLC212675



BIPIN KUMAR SARAF

MANAGING DIRECTOR & CEO

Din No. 06416744



Axis Finance Limited

Annexure VI

## **Management Discussion and Analysis**

### **COMPANY PROFILE**

Axis Finance Limited (AFL), a wholly owned subsidiary of Axis Bank, is a non-deposit taking Non- Banking Financial Company (NBFC) focusing on niche products under Wholesale & Retail lending space. Under retail business, AFL's portfolio of products includes Loan against Shares, Mutual Funds Units and Bonds, Margin Trade Funding, Employee Stock Option Financing, Loan against Property and IPO Financing. In the Wholesale lending space, AFL offers Sponsor Financing, Real-Estate Financing, Corporate Loans, Structured Funding, etc.

### **ECONOMIC REVIEW, INDUSTRY STRUCTURE AND DEVELOPMENTS**

There has been a definite turnaround in world economic growth prospects in 2017, supported by recovery in commodity prices, expected fiscal easing in US, cyclical recovery in manufacturing and trade in developed economies, etc.

Within this milieu, India's macro fundamentals remained stable and it continues to be one of the fastest growing major economies in the world with an officially projected GDP growth rate of 7.1% in FY 2017. Consumer Price Inflation stayed low, enabling the RBI to keep interest rates low too. India's external sector position has also been comfortable, with the current account deficit (CAD) progressively contracting as India's overall import bill declined on account of relatively low oil and gold prices. The government's revenue collection from indirect tax during April-February grew by an impressive 22.2% while that of direct tax rose by 10.7%.

More importantly, a number of reforms that were initiated during FY 2016-17 will lay the foundation for sustainable growth in the years ahead.

In May 2016, the government passed the Insolvency and Bankruptcy Code, 2016. This will ensure time-bound settlements of insolvencies, enabling faster turnaround-times for businesses. When implemented alongside proposed changes in debt recovery and enforcement laws, it could help resolve the distressed assets of the banking sector. It will also create a more attractive investment climate in the country.

In another landmark reform, in August 2016, a Constitutional Amendment to the Bill for Goods and Services Tax (GST) was passed in both houses. With the President of India's approval, GST is in the process of becoming a replacement for all indirect taxes levied on goods and services by the Centre and States. GST will be a key catalyst for formalization of the economy over the longer term, triggering supply chain efficiency and boosting government revenues. GST and other structural reforms can take the trend growth rate to 8-10%.

In November 2016, the government carried out a first of its kind demonetization drive. It withdrew 86% of the country's currency in circulation by recalling existing banknotes in the denominations of INR 500 and INR 1000. Over the longer term, this move is expected to bring in better transparency and tax compliance, amongst other benefits. However, in the short term, it resulted in a dip in consumer and business confidence, both of which were restored by the fourth quarter of FY2017.



## Axis Finance Limited

Another major reform - Real Estate (Regulation & Development) Act, 2016 (RERA) seeks to address issues like delays, price and quality of construction, titles and other challenges in the real estate sector. RERA aims at achieving a fine balance between improving transparency and allowing the organised players to continue operations with limited disruptions and/or cost escalations. The effective implementation of RERA will be a key trigger for end-use demand revival in the sector.

### OUTLOOK FOR 2017-18

The improvement in India's macro-economic fundamentals is expected to continue as a result of the combined impact of the pace of government reforms and Reserve Bank of India's (RBI) focus on keeping inflation within target. The global growth prospects are also expected to improve further in FY 2018 as economic activities in both advanced and emerging economies is gaining momentum.

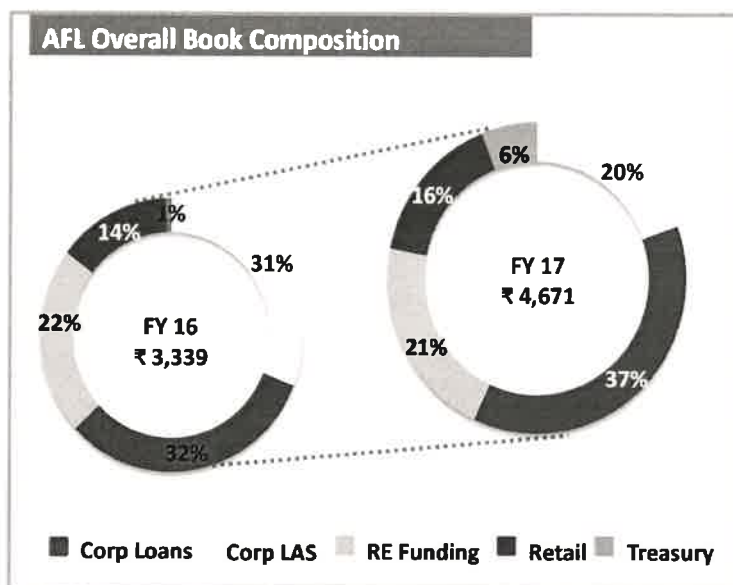
In FY 2018, considering CPI inflation expectation of around 4% and fiscal deficit target of 3.2%, Indian economy is expected to witness a relatively lower inflation, fiscal discipline and moderate current account deficit coupled with broadly stable rupee-dollar exchange rate.

As global financial markets seem to have stabilized, the Rupee has remained steady and foreign capital flows have started returning to India, as with other EMs. The credit off-take from banks and NBFCs is expected to increase gradually during FY 2017-18. However, insufficient action on resolving distressed assets in the banking sector will represent a downside risk in FY 2017 - 18 for credit growth in the economy.

### BUSINESS OVERVIEW

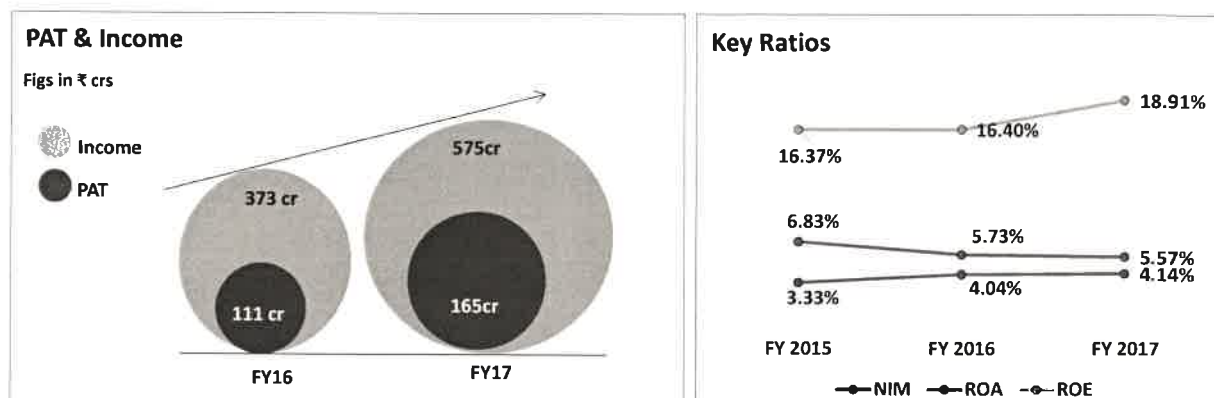
AFL is currently present in 8 metro cities in India and plans to add another 8 centres in Tier II Cities in FY 2017-18 to expand its geographical footprint.

#### Key Performance Highlights of FY17:



## Axis Finance Limited

AFL's AUM (Assets Under Management) representing the loan book expanded to Rs 4,671 crores during FY 2016-17 from Rs 3,339 crores in FY 2015-16, registering growth of 40% on YoY.



In FY 2016-17, AFL's Total Income increased by 54% to reach Rs 575.40 crore from Rs 372.98 crore in FY 2015-16. The Profit after Tax increased by 49% to Rs 165.25 crore during the same period. Return on Assets (ROA) of AFL improved marginally to 4.14% in FY 2016-17 from 4.04% in FY 2015-16. Despite a reduction of 16bps, AFL enjoys one of the highest NIMs in the industry with 5.57% in FY2016-17 against 5.73% in FY2015-16.

As at end FY 2016-17, 97% of AFL's book was secured and AFL continues to report strong asset quality with 'nil' NPA.

For the financial year 2016-17, AFL has paid dividend amounting to ₹ 95 crores (Net of Dividend Distribution Tax of ₹ 19.2 crores). In the previous year, company has paid dividend of ₹ 62.6 crores (Net of Dividend Distribution Tax of ₹ 12.7 crores).

AFL has been assigned one of the highest credit ratings with CRISIL A1+ and CRISIL AAA/Stable from Crisil and India Rating has assigned IND A1+ and IND AAA.

### Capital Management

AFL maintains a strong capital position with the capital ratios well above the thresholds defined by RBI. The comprehensive assessment process enables, AFL to ensure the adequacy of capital for future business growth and various other risks that the AFL is exposed to, so that the minimum capital required is maintained on a continuous basis. As on March 31, 2017, the total CAR stood at 23.15%, well above the regulatory minimum requirement of 15%. Tier I ratio of AFL stood at 18.52%.

As on March 31 <sup>st</sup>	2016	2017
Total Capital Adequacy Ratio	21.81%	23.15%



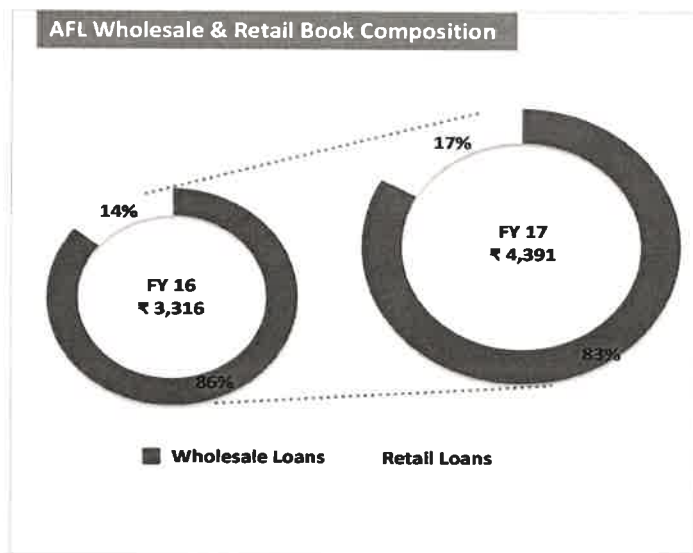
## Axis Finance Limited

Out of above

Tier I capital ratio	21.43%	18.52%
Tier II capital ratio	0.38%	4.63%

## BUSINESS ANALYSIS

AFL predominantly caters to two genres of business namely Wholesale Funding and Retail / HNIs. Given below is an analysis of the performance of each segment.



## LOAN AGAINST SHARES / SPONSOR FINANCING

Under this segment, AFL provides finance to promoters of listed companies secured against their holdings in large cap listed companies. AFL mainly focuses on large and reputed promoter groups having substantial market capitalization, free float and investment grade credit rating.

The outstanding loan amount under this segment was ₹ 914 crores, amounting to 20% of the loan book. In addition to continuously achieving 100% client retention, AFL is also registering strong growth in this product segment.

## REAL ESTATE FUNDING

AFL lends to reputed real estate developers for the purpose of their capital requirements during pre-construction or post construction activities. The Company's main focus area is financing against ready/late-stage residential inventory across major markets in India.

This segment constitutes nearly 21% of the overall portfolio. The Loan book under this segment has registered a strong growth of 33% from ₹743 crores in FY 2015-16 to ₹ 989 crores in FY 2016-17.

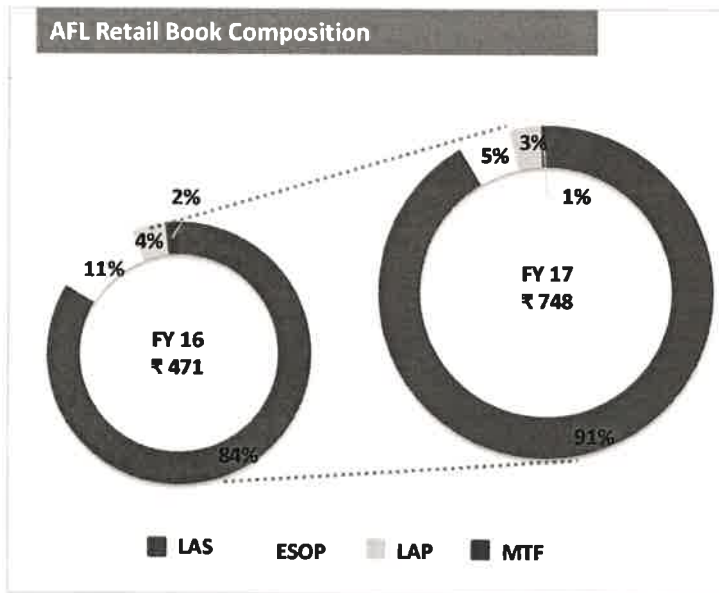


### CORPORATE LOANS

AFL provides customized financing solutions to large and medium sized corporates to meet their unique and event-based financial requirements such as PE buyouts, acquisition financing, etc. As on March 31, 2017, this portfolio constituted 37% of the loan book. The Corporate Loan book has grown by 63% from ₹ 1,068 crore in FY 2015-16 to ₹ 1,741 crores in FY 2016-2017.

### RETAIL / HNI FINANCE

In the past few years, AFL has expanded its presence in the non-corporate / retail lending space. AFL offers a bouquet of products under this business vertical viz. Margin Trade Funding, IPO Funding, Loan against Shares/Mutual Funds/Bonds, Loan against Property and ESOP funding. Under this vertical, Loans against securities (LAS) constitute 91% of the retail book as on 31<sup>st</sup> March 2017.



The retail loan book has grown at a CAGR of 63% over the last two years to reach at ₹747.5 crores in FY 2016-17. In FY 2014-15, the retail portfolio accounted for 12.5% of the AUM and increased to 17% in FY 2016-17.

### OPPORTUNITIES AND RISKS

AFL has demonstrated a healthy growth in both the Wholesale & Retail business segments. Going forward, the key focus areas of growth for AFL would be the Retail/HNI book. AFL aims to take the Retail exposure from 17% at present to 25% over the next two to three years by expanding its geographical presence across major cities in India.



## Axis Finance Limited

AFL is also exploring opportunities in financing builders and home owners in the Affordable Housing segment, which is fast emerging as an attractive proposition, given the policy impetus and underlying demand.

The Company has adopted sound risk management practices. The thrust on secured lending and firm linkage with the parent company has resulted in better risk management practices.

### **Credit Risk**

AFL has structured and standardised credit appraisal processes including the procedure of credit appraisal and review. The Company regularly monitors the portfolio concentration by segment, borrower, and groups, as applicable.

### **Interest Rate Risk**

Interest rate fluctuations affect the borrowing cost, eventually affecting all business matrices. AFL borrows from a diverse base and at competitive rates. The inclusion of interest reset option, put-call option in loan contracts enables the Company to mitigate interest rate risks.

### **Market Risk**

Since a substantial portion of AFL's portfolio is secured by the pledge of shares and other financial securities, a negative stock market movement and increased volatility always remain risky. AFL has adopted sound risk management practices to identify and mitigate risks.

### **Liquidity Risk**

AFL's AUM Policy stipulates a broad framework for liquidity risk management to ensure that the Company is in a position to meet its daily liquidity obligations as well as to withstand a period of liquidity stress from market-wide factors.

### **Operational Risk**

AFL has created an enabling organisational structure for effective operational risk management. The risk associated with various processes has been identified, and necessary mitigating controls have been put in place.

## **INFORMATION TECHNOLOGY**

New technological platforms act as growth enablers and allow the Company to have stringent risk management processes in place. AFL has continuously invested in procuring the latest hardware and software to meet the requirements of business, risk and finance teams, which has led to higher productivity. AFL endeavours to upgrade technological processes constantly and believes that IT initiatives



Axis Finance Limited

will play a crucial role in fueling higher growth. AFL has also put in place a Disaster Recovery Data Centre to ensure business continuity.

#### **COMPLIANCE AND INTERNAL CONTROL**

AFL observes compliance practices of the highest standard. The Compliance team closely monitors RBI and other notifications on NBFCs with special attention to those relevant to the Company. The Company follows all prudential norms laid down for NBFCs and submits all mandatory returns and statements in time. The Company has put in place a robust framework of internal controls that include precise delegation of authority and Standard Operating Processes which are available in all business segments and functions. The Company follows a practice of monitoring various internal control functions in-house as well as through external auditors whenever required or mandated. The company also reviews risk management processes on a regular basis and documents the results.

#### **HUMAN CAPITAL**

AFL is cognizant of the importance of human capital in a fast evolving and high growth industry like the one it operates in. AFL strives hard to retain its experienced team rich in domain expertise as it recognizes their importance in the growth of the Company. Nurturing people is a key organizational goal and leadership mandate. Training and employee motivation is an integral part of AFL's policy. During the year AFL added 18 employees, taking the total employee strength to 52.





Axis Finance Limited

will play a crucial role in fueling higher growth. AFL has also put in place a Disaster Recovery Data Centre to ensure business continuity.

#### **COMPLIANCE AND INTERNAL CONTROL**

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#### **HUMAN CAPITAL**

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#### **FOR AND ON BEHALF OF BOARD OF DIRECTORS**



**SRINIVASAN VARADARAJAN**

**CHAIRMAN**

**DIN: 00033882**

**Place: Mumbai**

**Date: April 11, 2017**



**BIPIN KUMAR SARAF**

**MANAGING DIRECTOR & CEO**

**DIN: 06416744**

## ANNEXURE VII

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

(As prescribed under Section 135 of the Companies Act, 2013 and The Companies (Corporate Social Responsibility Policy) Rules 2014)

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.

The CSR Policy was approved by the Committee on March 10, 2015 and subsequently was put on the Company's website. Weblink to the Company's CSR Policy: <http://www.axisfinance.in>

2. The Composition of the CSR Committee. Shri Cyril Anand Madireddi (Chairman), Shri Bipin Kumar Saraf, Smt. Madhu Dubhashi
3. Average net profit of the Company for last three financial years: **Rs.112.60 crores**
4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) – **Rs.2.25 Crores**
5. Details of CSR spent during the financial year.  
(a) Total amount to be spent for the financial year (2016-17); **Rs. 2.25 crores**  
(b) Amount unspent , if any; NIL  
(c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified.	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Subheads : (1) Direct expenditure on projects or programs. (2) Overheads :	Cumulative expenditure upto to the reporting period.	Amount spent: Direct or through implementing agency





1.	Social Welfare Programs of Axis Bank Foundation*	Livelihood	Local Area	Rs.2,25,20,176	1.Rs..2,25,20,176 2. Over Heads: NIL	Rs..2,25,20,176	Rs. 2,25,20,176/-
	<b>TOTAL</b>						<b>Rs. 2,25,20,176/-</b>

\* Give details of implementing agency: Axis Bank Foundation has been setup as a Public Trust by Axis Bank as its CSR arm committed itself to undertake various socially relevant endeavors with a special vision & mission to eradicate poverty, providing sustainable livelihoods, education of the underprivileged, healthcare, sanitation, etc. (Social Welfare Programmes)

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 ther easons for not spending the amount in its Board report. – **NA**
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 CSR Committee hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.



	
Bipin Kumar Saraf Managing Director & CEO DIN – 06416744	Cyril Anand Madireddi (Chairman CSR Committee) DIN - 07489389

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Axis Finance Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of Axis Finance Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by 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, 2017, its profit, and its cash flows for the year ended on that date.

**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:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Prevention Fund by the Company;
  - iv. The Company has provided requisite disclosures in Note 57 to these financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our enquiries, test check of the books of account and other details maintained by the Company and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company.

For **S.R. Batliboi & CO. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

  
per **Jitendra H. Ranawat**  
Partner  
Membership Number: 103380  
Place of Signature: Mumbai  
Date: 11 April 2017



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

**Re: Axis Finance Limited ('the Company')**

- (i)(a) The Company has maintained proper records showing full particulars, including quantitative details and location of fixed assets.
- (i)(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (i)(c) According to information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of 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.
- (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 Companies Act, 2013. 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 explanation given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, service tax and other statutory dues applicable to it. The provisions relating to employees' state insurance, duty of customs, duty of excise, value added tax and cess are not applicable to the Company.
- (vii)(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to employees' state insurance, duty of customs, duty of excise, value added tax and cess are not applicable to the Company.
- (vii)(c) According to the information and explanations given to us, there are no dues of income tax, service tax, value added tax and cess which have not been deposited on account of any dispute. The provisions relating to employees' state insurance, duty of customs, duty of excise, value added tax and cess are not applicable to the Company.
- (viii) According to the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of commercial paper, non-convertible debentures and term loans for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purposes 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 the Company or no fraud on the Company has been noticed or reported during the year.



- (xi) According to the information and explanation given by the management, the managerial remuneration has been paid 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(xi) 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 Companies Act, 2013 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 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, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Jitendra H. Ranawat  
Partner

Membership Number: 103380

Place: Mumbai

Date: 11 April 2017



**"ANNEXURE 2" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AXIS FINANCE 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 Axis Finance Limited**

We have audited the internal financial controls over financial reporting of Axis Finance Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the 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 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, both 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting 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 includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting





principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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.

**Explanatory paragraph**

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of Axis Finance Limited, which comprise the Balance Sheet as at March 31, 2017, and the related Statement of Profit and Loss and Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated April 11, 2017 and expressed an unqualified opinion thereon.

For **S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

per **Jitendra H. Ranawat**  
Partner  
Membership Number: 103380  
Place of Signature: Mumbai  
Date: 11 April 2017



AXIS FINANCE LIMITED

BALANCE SHEET AS AT MARCH 31, 2017

		Amount In ₹	
	Note No.	As at March 31, 2017	As at March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share capital	3	4,18,25,00,000	3,68,25,00,000
Reserves and surplus	4	4,58,12,77,593	3,57,23,72,119
		<b>8,76,37,77,593</b>	<b>7,25,48,72,119</b>
<b>Non Current Liabilities</b>			
Long term borrowings	5	6,45,00,00,000	6,20,47,89,863
Other Non current liabilities	7	67,58,62,184	34,97,93,603
Long term provisions	8	8,40,07,375	3,90,65,845
		<b>7,20,98,69,559</b>	<b>6,59,36,49,311</b>
<b>Current Liabilities</b>			
Short term borrowings	6	34,21,48,05,463	19,43,56,45,103
Other current liabilities	7	2,42,75,47,497	29,31,64,924
Short term provisions	8	13,96,14,330	10,31,11,627
		<b>36,78,19,67,290</b>	<b>19,83,19,21,654</b>
<b>Total</b>		<b>52,75,56,14,442</b>	<b>33,68,04,43,084</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed assets	9		
Tangible assets		49,47,822	39,96,462
Intangible assets		1,25,07,411	1,42,12,409
Capital work-in-progress		88,32,985	2,55,001
		<b>2,62,88,218</b>	<b>1,84,63,872</b>
Deferred tax asset		5,84,83,318	4,30,29,017
Non current investments	10	1,00,00,00,000	1,87,94,85,000
Long term loans and advances			
a. Loans	11	20,92,71,48,554	9,50,05,96,850
b. Others	12	9,76,43,436	3,85,67,744
Other Non current assets	11.2	1,15,72,603	2,05,25,918
		<b>22,12,11,36,129</b>	<b>11,50,06,68,401</b>
<b>Current assets</b>			
Current investments	10	2,80,00,00,000	53,22,71,861
Trade receivables	13.1	4,22,92,284	-
Cash and bank balances	14	5,65,09,17,425	14,57,477
Short term loans and advances			
a. Loans	11	21,99,28,34,389	21,53,55,66,872
b. Others	12	60,13,250	41,73,284
Other current assets	13.2	14,24,20,965	10,63,05,189
		<b>30,63,44,78,313</b>	<b>22,17,97,74,683</b>
<b>Total</b>		<b>52,75,56,14,442</b>	<b>33,68,04,43,084</b>

Summary of significant accounting policies 2.1  
The accompanying notes are forming part of financial statements  
As per our attached report of even date

For S.R. BATLIBOI & CO. LLP  
Firm Registration No.301003E/E300005  
Chartered Accountants

per   
Jitendra H. Ranawat  
Partner  
Membership No. :- 103380  
Place: Mumbai  
Date: April 11, 2017

For and on behalf of the board of Axis Finance Limited

  
Srinivasan Varadarajan  
Chairman  
DIN No : 00033882

  
Amith Iyer  
Chief Financial Officer

  
Bipin Kumar Saraf  
Managing Director  
DIN No : 06416744

  
Rajneesh Kumar  
Company Secretary  
Membership No: A31230



AXIS FINANCE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

		Amount In ₹	
	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Income</b>			
Revenue from operations	15	5,75,40,07,558	3,72,98,96,108
Other income	16	32,571	-
<b>Total income</b>	<b>(A)</b>	<b>5,75,40,40,129</b>	<b>3,72,98,96,108</b>
<b>Expenses</b>			
Employee benefit expense	17	12,42,48,658	8,06,79,557
Finance costs	18	2,95,11,49,521	1,81,22,23,670
Provisions and write off	19	4,54,95,277	7,18,52,459
Other expenses	20	9,48,40,981	6,33,89,786
Depreciation and amortization expense	21	52,51,854	27,61,554
<b>Total expenses</b>	<b>(B)</b>	<b>3,22,09,86,291</b>	<b>2,03,09,07,025</b>
Profit before tax	(C) = (A)-(B)	2,53,30,53,838	1,69,89,89,083
<b>Tax expense:</b>			
Current tax		89,58,94,064	61,61,91,461
Deferred tax		(1,54,54,301)	(2,48,52,839)
<b>Profit for the year</b>		<b>1,65,26,14,075</b>	<b>1,10,76,50,460</b>
<b>Earnings per equity share</b> (Face Value Rs. 10 per share)			
<b>Basic</b>			
Computed on the basis of total profit for the year		4.07	3.29
<b>Diluted</b>			
Computed on the basis of total profit for the year		4.07	3.29

Summary of significant accounting policies 2.1  
The accompanying notes forming part of financial statements  
As per our attached report of even date

**For S.R. BATLIBOI & CO. LLP**  
Firm Registration No.301003E/E300005  
Chartered Accountants



per Jitendra H. Ranawat  
Partner  
Membership No. :- 103380  
Place: Mumbai  
Date: April 11, 2017



For and on behalf of the board of Axis Finance Limited



Srinivasan Varadarajan  
Chairman  
DIN No : 00033882



Amith Iyer  
Chief Financial Officer



Bipin Kumar Saraf  
Managing Director  
DIN No : 06416744



Rajneesh Kumar  
Company Secretary  
Membership No: A31230



**AXIS FINANCE LIMITED**
**Cash flow statement for the year ended March 31, 2017**
**Amount in ₹**

	For the Year ending March 31, 2017	For the Year ending March 31, 2016
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax</b>	2,53,30,53,838	1,69,89,89,083
<b>Adjustments for:</b>		
Depreciation	52,51,854	27,61,554
Profit on sale of investment	(43,70,84,301)	-
Provision against standard assets	4,54,95,277	7,18,52,459
Interest on debentures	(56,53,345)	-
<b>Operating profit before working capital changes</b>	<b>2,14,10,63,323</b>	<b>1,77,36,03,096</b>
Movement in working capital:		
Decrease/(increase) in long term loan & advances	(11,42,65,51,704)	(2,07,97,79,275)
Decrease/(increase) in short term loan & advances	(45,91,07,483)	(8,00,38,82,732)
Decrease/(increase) in trade receivables	(4,22,92,284)	3,07,75,120
Decrease/(increase) in other current assets	(3,61,15,776)	(8,39,79,137)
Decrease/(increase) in other non current assets	89,53,315	(1,28,85,313)
Increase/(decrease) in short term provisions	3,67,13,633	48,95,016
Increase/(decrease) in other current liabilities	2,46,04,51,154	(52,56,82,698)
Increase/(decrease) in Long term provisions	(7,64,677)	10,63,458
<b>Cash generated from operations</b>	<b>(7,31,76,50,499)</b>	<b>(8,89,58,72,466)</b>
Income tax paid	(96,14,69,755)	(62,71,33,689)
<b>Net cash flow from operating activities (A)</b>	<b>(8,27,91,20,254)</b>	<b>(9,52,30,06,155)</b>
<b>B. Cash flow from investing activities</b>		
Interest received on NCD	56,53,345	-
Purchase of fixed assets	(28,12,927)	(29,27,681)
Payment for Intangibles	(1,02,63,273)	(80,67,008)
Proceeds from sale of investment	10,47,04,71,56,442	2,11,16,20,09,222
Deposit withdrawal	65,00,000	-
Purchase of investment	(10,47,99,83,15,280)	(2,00,03,45,89,011)
<b>Net cash flow from investing activities(B)</b>	<b>(95,20,81,693)</b>	<b>11,11,64,25,522</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from borrowings (net of repayment)	15,02,43,70,496	(1,94,10,88,217)
Proceed from issue of shares (net of issue expenses)	99,90,00,000	99,90,00,000
payment of dividend	(1,14,27,08,601)	(75,34,68,960)
<b>Net cash flow from financing activities(C)</b>	<b>14,88,06,61,895</b>	<b>(1,69,55,57,177)</b>
<b>Net increase/(decrease) in cash and equivalents(A+B+C)</b>	<b>5,64,94,59,948</b>	<b>(10,21,37,810)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>14,57,477</b>	<b>10,35,95,287</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>5,65,09,17,425</b>	<b>14,57,477</b>

<b>Note:</b>	<b>Mar 31, 2017</b>	<b>March 31, 2016</b>
Cash and cash equivalents includes:		
Cash	13,271	970
Balance with banks	5,65,09,04,154	14,56,507
Bank Overdraft		
	<b>5,65,09,17,425</b>	<b>14,57,477</b>

For S.R. BATLIBOI & CO. LLP  
Firm Registration No.301003E/E300005  
Chartered Accountants

*Jitendra H. Ranawat*

per Jitendra H. Ranawat  
Partner  
Membership No. :- 103380  
Place: Mumbai  
Date: April 11, 2017



For and on behalf of the board of Axis Finance Limited

Srinivasan Varadarajan  
Chairman  
DIN No : 00033882

*Amith Iyer*  
Amith Iyer  
Chief Financial Officer

*Bipin Kumar Saraf*  
Bipin Kumar Saraf  
Managing Director  
DIN No : 06416744

*Rajneesh Kumar*  
Rajneesh Kumar  
Company Secretary  
Membership No: A31230



Notes forming part of financial statements for the year ended March 31, 2017

**1. Corporate information**

Axis Finance Limited is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company is a non-deposit accepting non-banking finance Company or NBFC-ND-SI registered with Reserve Bank of India (RBI). The Company is engaged in the business of financing of loans.

**2. Basis of preparation**

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The Company follows the prudential norms issued by Reserve Bank of India for asset classification, income recognition and provisioning for non-performing assets. Besides, additional amount is written/off provided for where the management, on a review, considers it necessary.

**2.1 Summary of significant accounting policies**

**I. Use of estimates**

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

**II. Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

- a. Interest and other dues are accounted on accrual basis except in the case of non-performing loans where it is recognised upon realisation, as per the income recognition and asset classification norms prescribed by RBI.
- b. Income on discounted instruments is recognised over the tenure of the instrument on a straight-line method.
- c. Dividend is accounted when the right to receive is established.
- d. Front end fees on processing of loans are recognised upfront as income.
- e. Profit/(loss) earned on sale of investments is recognised on trade date basis. Profit/(loss) on sale of investments is determined based on the 'weighted average' cost for investments.
- f. All other fees are recognized when reasonable right of recovery is established, revenue can be reliably measured as and when they become due.
- g. Other revenue is recognized on accrual basis and no significant uncertainty exists as to its realization or collection.



A handwritten signature in blue ink, appearing to be "S. Smithy".

A handwritten signature in blue ink, appearing to be "S. Smithy".



### III. Tangible and intangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

### IV. Depreciation and amortization

Depreciation and amortization on fixed assets is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The Company has used below estimated useful lives to provide depreciation and amortization on its fixed assets.

Assets	Estimated Useful Life (in years)
<b>Tangible Assets:</b>	
Computers	3
Servers	6
Furniture & Fixtures	10
Office Equipment	5
Vehicles	4
<b>Intangible Assets:</b>	
Software	5

The management has estimated, supported by independent assessment by professionals, the useful life of the following class of asset.

- Vehicles are depreciated over the estimated useful life of 4 years which is lower than those indicated in schedule II.

### V. Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 net selling price, recent market transactions are taken into account, if available. 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.



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An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

#### VI. Loans

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made at rates as prescribed by the RBI.

#### VII. Provisioning / write-off of assets

Non-performing loans are written off / provided for, as per management estimates, subject to the minimum provision required as per Non- Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

##### Provision against loans and advances:

Provision on Standard Assets i.e. loans and advances is made at 0.40%.

#### VIII. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments in accordance with the RBI guidelines and Accounting Standard 13 on 'Accounting for investments' as notified under the Companies (Accounting Standards) Rules, 2006 . All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

#### IX. Borrowing costs

Borrowing costs directly attributable to acquisition and construction of qualifying assets are capitalised as a part of the cost of such assets upto the date when such assets are ready for intended use. Other borrowing costs are charged to the statement of Profit and Loss.



**X. Taxes on income**

- a. Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- b. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.
- c. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- d. At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- e. The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes virtually certain, as the case may be, that sufficient future taxable income will be available.
- f. 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 tax assets and deferred tax liabilities relate to the same taxable entity and the same taxation authority.

**XI. Retirement and other employee benefits**

**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 recognizes contribution payable to the provident fund scheme as expenditure, 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 recognized 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 recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

**Gratuity**

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

**Leave encashment**

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the year end. The



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Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The Company presents the entire leave liability as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date

#### **XII. Leases**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

#### **XIII. Contingent liabilities and provisions**

A provision is recognized when the Company has a present obligation as a result of past event; 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 of the amount of obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

#### **XIV. Earning per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### **XV. Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and on hand, fixed deposits and short-term highly liquid investments with an original maturity of three months or less are readily convertible into known amount of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalent does not include fixed deposit which is lien marked against borrowing.



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3. Share capital

	March 31, 2017 ₹	March 31, 2016 ₹
<b>Authorized:</b>		
1,00,00,00,000 (31 March 2016: 1,00,00,00,000) equity shares of ₹10/- each	10,00,00,00,000	10,00,00,00,000
<b>Issued, subscribed and fully paid-up:</b>		
41,82,50,000 (31 March 2016: 36,82,50,000) equity shares of ₹10/- each	4,18,25,00,000	3,68,25,00,000

(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

	March 31, 2017		March 31, 2016	
	No.	₹	No.	₹
At the beginning of the year	36,82,50,000	3,68,25,00,000	31,82,50,000	3,18,25,00,000
Issued during the year	5,00,00,000	50,00,00,000	5,00,00,000	50,00,00,000
Outstanding at the end of the year	41,82,50,000	4,18,25,00,000	36,82,50,000	3,68,25,00,000

(b) Terms/right attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

(c) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) Shares held by holding/ultimate holding Company and/or their subsidiaries

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

Name of shareholder	March 31, 2017 ₹	March 31, 2016 ₹
Axis Bank Limited, the holding Company and its nominees 41,82,50,000 (31 March 2016: 36,82,50,000) equity shares of ₹ 10/- each	4,18,25,00,000	3,68,25,00,000

(e) Details of shareholders holding more than 5% shares in the Company

Name of shareholder	March 31, 2017		March 31, 2016	
	No.	% of holding	No.	% of holding
Equity shares of ₹ 10 each fully paid Axis Bank Limited, the holding Company and its nominees	41,82,50,000	100%	36,82,50,000	100%

4. Reserves and surplus

	March 31, 2017 ₹	March 31, 2016 ₹
<b>Security premium reserve</b>		
Balance as per last Balance Sheet	1,69,90,00,000	1,20,00,00,000
Add:- Addition during the year	50,00,00,000	50,00,00,000
Less:- Utilization during the year against share issue expense	(10,00,000)	(10,00,000)
Balance at the end of the year	2,19,80,00,000	1,69,90,00,000
<b>Statutory reserve u/s 45-IC of RBI Act</b>		
Balance as per last Balance Sheet	52,61,00,000	30,45,00,000
Add:- Addition during the year	33,06,00,000	22,16,00,000
Balance at the end of the year	85,67,00,000	52,61,00,000
<b>Surplus in the statement of profit and loss</b>		
Balance as per last Balance Sheet	1,34,72,72,119	1,21,46,90,619
Profit for the year	1,65,26,14,075	1,10,76,50,460
Less:- Interim Dividend 31 March 2017 : ₹ 2.27 per share (31 March 2016 : ₹ 1.70 per share)	(94,94,27,500)	(62,60,25,000)
Less:- Tax on interim dividend	(19,32,81,101)	(12,74,43,960)
Less:- Transfer to statutory reserve	(33,06,00,000)	(22,16,00,000)
Balance at the end of the year	1,52,65,77,593	1,34,72,72,119
<b>Total</b>	<b>4,58,12,77,593</b>	<b>3,57,23,72,119</b>

5. Long term borrowings

	Non-current		Current maturities	
	March 31, 2017 ₹	March 31, 2016 ₹	March 31, 2017 ₹	March 31, 2016 ₹
<b>Debentures :</b>				
Secured	4,45,00,00,000	6,10,40,00,000	2,00,40,00,000	25,00,00,000
Indian rupee term loan from bank : Secured	-	10,07,89,863	-	-
Unsecured Subordinated Debts	2,00,00,00,000	-	-	-
<b>Total</b>	<b>6,45,00,00,000</b>	<b>6,20,47,89,863</b>	<b>2,00,40,00,000</b>	<b>25,00,00,000</b>

a. Security details for Secured non convertible debentures

Debentures are secured by: 1. First charge by way of mortgage on immovable property. 2. Pari passu charge by way of hypothecation of book debts and accounts receivable upto 1 time cover.

b. Indian rupee term loan is secured by hypothecation of receivable of the company.



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c. Particulars of Secured non convertible debentures

Particulars	Face Value	Quantity	Maturity date	As at Mar 31, 2017	As at March 31, 2016
Zero% AFL, 20th November 2017	10,00,000	500	November 20, 2017	50,00,00,000	50,00,00,000
Zero% AFL, 3rd March 2017	10,00,000	250	March 03, 2017	-	25,00,00,000
Zero% AFL, 12th April 2018	10,00,000	150	April 12, 2018	15,00,00,000	15,00,00,000
Zero% AFL, 10th April 2018	10,00,000	200	April 10, 2018	20,00,00,000	20,00,00,000
8.84% AFL, 08th March 2018	10,00,000	50	March 08, 2018	5,00,00,000	5,00,00,000
8.7944% AFL, 24th April 2018	10,00,000	180	April 24, 2018	18,00,00,000	18,00,00,000
8.7731% AFL, 28th March 2018	10,00,000	500	March 28, 2018	50,00,00,000	50,00,00,000
Zero% AFL, 2nd May 2017	10,00,000	384	May 02, 2017	38,40,00,000	38,40,00,000
Zero% AFL, 10th April 2017	10,00,000	170	April 10, 2017	17,00,00,000	17,00,00,000
Zero% AFL, 3rd April 2018	10,00,000	350	April 03, 2018	35,00,00,000	35,00,00,000
Zero% AFL, 27th March 2018	10,00,000	150	March 27, 2018	15,00,00,000	15,00,00,000
Zero % AFL, 05 OCT 2018	10,00,000	70	Oct 05, 2018	7,00,00,000	7,00,00,000
Zero % AFL, 23 OCT 2018	10,00,000	420	Oct 23, 2018	42,00,00,000	42,00,00,000
Zero % AFL, 29 OCT 2018	10,00,000	280	Oct 29, 2018	28,00,00,000	28,00,00,000
8.53% AFL, 27th November 2017	10,00,000	250	Nov 27, 2017	25,00,00,000	25,00,00,000
8.85% AFL 29 JAN 2019	10,00,000	100	Jan 29, 2019	10,00,00,000	10,00,00,000
ZERO % AFL, 25 MAR 2019	10,00,000	1500	Mar 25, 2019	1,50,00,00,000	1,50,00,00,000
Zero % AFL, 15TH JAN 2019	10,00,000	50	Jan 15, 2019	5,00,00,000	5,00,00,000
8.79%AFL 9 TH APR 2019	10,00,000	500	Apr 9, 2019	50,00,00,000	50,00,00,000
Zero % AFL, 19TH JUL 2019	10,00,000	100	Jul 19, 2019	10,00,00,000	10,00,00,000
Zero % AFL, 25TH APRIL 2019	10,00,000	50	Apr 25, 2019	5,00,00,000	5,00,00,000
Zero % AFL, 06TH MAY 2019	10,00,000	50	May 06, 2019	5,00,00,000	5,00,00,000
Zero % AFL, 28TH JUNE 2019	10,00,000	100	June 28, 2019	10,00,00,000	10,00,00,000
8.50%AFL 17 May 2018	10,00,000	100	May 17, 2018	10,00,00,000	-
Zero% AFL, 27th August 2019	10,00,000	50	Aug 27, 2019	5,00,00,000	-
Zero% AFL, 24th September 2019	10,00,000	50	Sep 24, 2019	5,00,00,000	-
Zero% AFL, 26th December 2019	10,00,000	150	Dec 26, 2019	15,00,00,000	-
<b>Total</b>				<b>6,45,40,00,000</b>	<b>6,35,40,00,000</b>

d. Particulars of Unsecured non convertible debentures

Particulars	Face Value	Quantity	Maturity date	As at Mar 31, 2017	As at March 31, 2016
8.80% AFL 05 AUG 2026 ( Unsecured Sub Debt )	10,00,000	200	Aug 05, 2026	2,00,00,00,000	-
<b>Total</b>				<b>2,00,00,00,000</b>	<b>-</b>

The above Non Convertible Debentures are classified as under:

	As at Mar 31, 2017	As at March 31, 2016
Non-current long term borrowings	6,45,00,00,000	6,10,40,00,000
Current maturities of long term borrowings	2,00,40,00,000	25,00,00,000
<b>Total</b>	<b>8,45,40,00,000</b>	<b>6,35,40,00,000</b>

Total Secured & Unsecured Non Convertible Debentures

<b>8,45,40,00,000</b>	<b>6,35,40,00,000</b>
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6. Short term borrowings

	March 31, 2017 ₹	March 31, 2016 ₹
<b>Secured</b>		
Loan from banks	5,50,87,39,319	7,43,11,69,524
<b>Unsecured</b>		
Loan from banks	-	97,17,47,988
Unsecured commercial paper	29,05,00,00,000	11,15,00,00,000
Less: Unexpired Discount	(34,39,33,856)	(11,72,72,409)
<b>Total</b>	<b>34,21,48,05,463</b>	<b>19,43,56,45,103</b>

Short term borrowings amount to Rs. 5,50,87,39,319 (previous year Rs. 7,43,11,69,524) referred above are secured by pari passu first charge on all present and future book debts, receivables, loan assets of the Company. These carry interest @ 8.05% to 9.60%.

Unexpired discount on commercial paper is net of Rs. 34,39,33,856 (previous year Rs. 11,72,72,409) towards interest accrued but not due. These carry interest @ 6.65% to 8.00%. In respect of commercial paper maximum amount outstanding during the year was Rs 53,96,27,53,914 (previous year Rs. 41,45,88,98,967).

7. Other Liabilities

	Long term		Short term	
	March 31, 2017 ₹	March 31, 2016 ₹	March 31, 2017 ₹	March 31, 2016 ₹
Current maturities of long term borrowings	-	-	2,00,40,00,000	25,00,00,000
Interest accrued but not due	67,58,62,184	34,97,93,603	35,45,43,357	2,75,06,556
<b>Creditors for expenses</b>				
-Due to holding Company 'Axis Bank Limited'	-	-	4,44,150	70,63,752
-Due to others	-	-	6,71,76,895	82,16,785
-Undisputed statutory dues	-	-	13,83,095	3,77,831
<b>Total</b>	<b>67,58,62,184</b>	<b>34,97,93,603</b>	<b>2,42,75,47,497</b>	<b>29,31,64,924</b>

8. Provisions

	Long term		Short term	
	March 31, 2017 ₹	March 31, 2016 ₹	March 31, 2017 ₹	March 31, 2016 ₹
Provision against standard assets	8,37,08,594	3,80,02,387	8,80,28,442	8,82,39,372
Provision for expenses	-	-	96,15,437	15,28,062
<b>Provision for employee benefits</b>				
-Provision for compensated absences	2,98,781	10,63,458	12,49,781	2,39,160
-Provision for gratuity	-	-	7,20,670	1,05,033
-Employee benefit payable	-	-	4,00,00,000	1,30,00,000
<b>Total</b>	<b>8,40,07,375</b>	<b>3,90,65,845</b>	<b>13,96,14,330</b>	<b>10,31,11,627</b>



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**AXIS FINANCE LIMITED**

**9. Fixed assets**

Particulars	Gross block				Depreciation				Net block	
	As at April 01, 2016	Addition during the year	Deductions/A djstments	March 31, 2017	As at April 01, 2016	Provided during the year	Deductions/ Adjustments	March 31, 2017	March 31, 2017	As at March 31, 2016
<b>A. Tangible assets :</b>										
Computers	41,40,823	27,46,519	-	68,87,341	9,83,110	14,76,946	-	24,60,056	44,27,286	31,57,713
Office equipment	3,05,693	66,408	-	3,72,101	2,72,612	75,063	-	3,47,675	24,426	33,081
Furniture & fixtures	1,00,223	-	-	1,00,223	25,988	10,022	-	36,010	64,213	74,235
Vehicles	6,51,427	-	6,51,427	-	3,59,556	2,91,871	6,51,427	0	0	2,91,871
Land and Building	4,50,000	-	-	4,50,000	10,438	7,665	-	18,103	4,31,897	4,39,562
<b>Total - Tangible Assets (A)</b>	<b>56,48,166</b>	<b>28,12,927</b>	<b>6,51,427</b>	<b>78,09,665</b>	<b>16,51,704</b>	<b>18,61,567</b>	<b>6,51,427</b>	<b>28,61,843</b>	<b>49,47,822</b>	<b>39,96,462</b>
<b>B. Intangible Assets :</b>										
Software	1,58,14,456	16,85,289	-	1,74,99,745	16,02,047	33,90,287	-	49,92,334	1,25,07,411	1,42,12,409
<b>Total - Intangible Assets (B)</b>	<b>1,58,14,456</b>	<b>16,85,289</b>	<b>-</b>	<b>1,74,99,745</b>	<b>16,02,047</b>	<b>33,90,287</b>	<b>-</b>	<b>49,92,334</b>	<b>1,25,07,411</b>	<b>1,42,12,409</b>
<b>Total (A+B)</b>	<b>2,14,62,622</b>	<b>44,98,215</b>	<b>6,51,427</b>	<b>2,53,09,410</b>	<b>32,53,751</b>	<b>52,51,854</b>	<b>6,51,427</b>	<b>78,54,177</b>	<b>1,74,55,233</b>	<b>1,82,08,871</b>
Capital Work-in-Progress									88,32,985	2,55,001
<b>Total</b>									<b>2,62,88,218</b>	<b>1,84,63,872</b>

Amount in ₹



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10. Investment

	Non current		Current Maturities	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	₹	₹	₹	₹
<b>Investment in debenture/bonds (valued at cost unless stated otherwise)</b>				
<u>Quoted</u>				
NIL (Previous year 110) Annapurna Microfinance Private Limited (redeemable on 15 April 2016)	-	-	-	25,18,106
NIL (Previous year 110) Arohan Financial Services Private Limited (redeemable on 15 April 2016)	-	-	-	24,77,841
NIL (Previous year 66) Asirvad Micro Finance Private Limited (redeemable on 15 April 2016)	-	-	-	15,10,863
NIL (Previous year 500) Dalmia Bharat Cement Limited	-	90,00,00,000	-	-
NIL (Previous year 100) Disha Microfin Private Limited (redeemable on 15 April 2016)	-	-	-	21,79,200
NIL (Previous year 110) Future Financial Services Ltd (redeemable on 15 April 2016)	-	-	-	23,97,120
NIL (Previous year 78) India School Finance Company (redeemable on 15 April 2016)	-	-	-	17,85,566
NIL (Previous year 77) Intrepid Finance and Leasing Private Limited (redeemable on 15 April 2016)	-	-	-	17,90,769
NIL (Previous year 110) Pahal Financial Services (redeemable on 15 April 2016)	-	-	-	25,18,106
NIL (Previous year 132) Suryoday Microfinance Private Limited (redeemable on 15 April 2016)	-	-	-	28,27,995
NIL (Previous Year NIL) NCD - DCB Power Ventures Ltd(redeemable on 30 September 2018)	-	15,00,00,000	-	-
NIL (Previous Year NIL) NCD - DCB Power Ventures Ltd(redeemable on 30 September 2019)	-	15,00,00,000	-	-
NIL (Previous Year NIL) NCD - DCB Power Ventures Ltd(redeemable on 30 September 2020)	-	15,00,00,000	-	-
NIL (Previous Year NIL) NCD - DCB Power Ventures Ltd(redeemable on 30 September 2021)	-	15,00,00,000	-	-
NIL (Previous Year NIL) NCD - DCB Power Ventures Ltd(redeemable on 30 September 2022)	-	15,00,00,000	-	-
NIL (Previous year 99) SV Creditline Private Limited (redeemable on 15 April 2016)	-	-	-	22,66,295
NIL (Previous year 4,420) 8.67% National Hydroelectric Power Corporation (redeemable on 02 November 2033)	-	44,20,000	-	-
NIL (Previous year 767) 8.67% Power Finance Corporation Limited (redeemable on 16 November 2033)	-	7,67,000	-	-
NIL (Previous year NIL) 7.35% Indian Railway Finance Corporation Limited (redeemable on 22 March 2031)	-	12,10,93,000	-	-
NIL (Previous year NIL) 7.35% National Bank For Agriculture And Rural Development (redeemable on 23 March 2031)	-	10,32,05,000	-	-
<u>Unquoted</u>				
NIL (Previous year 760) Azalea Enterprises Private Limited (redeemable on 16 March 2019)	-	-	-	51,00,00,000
1000 (Previous year NIL) 11.28% Reliance Big Entertainment Pvt Ltd 2019 (redeemable on 26 April 2019)	1,00,00,00,000	-	-	-
<b>Investment in Mutual funds (valued at lower of cost or market value)</b>				
<u>Unquoted</u>				
Axis Liquid Fund - (Direct Growth (CF - DG)	-	-	1,80,00,00,000	-
Kotak Mutual Fund (Liquid Direct Plan Growth)	-	-	1,00,00,00,000	-
<b>Total</b>	<b>1,00,00,00,000</b>	<b>1,87,94,85,000</b>	<b>2,80,00,00,000</b>	<b>53,22,71,861</b>

1. Aggregate amount of quoted investment at market value NIL (Previous year Rs. 1,93,67,60,312).  
 2. Aggregate amount of unquoted investments at cost Rs. 3,80,00,00,000 (Previous year 51,00,00,000).

11. Loans

	Non current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	₹	₹	₹	₹
Secured loans	20,92,71,48,554	9,50,05,96,850	19,88,52,29,368	19,83,55,66,872
Unsecured loans	-	-	2,10,76,05,021	1,70,00,00,000
<b>Total</b>	<b>20,92,71,48,554</b>	<b>9,50,05,96,850</b>	<b>21,99,28,34,389</b>	<b>21,53,55,66,872</b>
The classification of loans under RBI guidelines is as under:				
			March 31, 2017	March 31, 2016
			₹	₹
(i) Standard assets			42,91,99,82,943	31,03,61,63,722
(ii) Sub-standard assets			-	-
(iii) Doubtful assets			-	-
(iv) Loss assets			-	-
<b>Total **</b>			<b>42,91,99,82,943</b>	<b>31,03,61,63,722</b>
The above Loans are classified as under:				
			As at Mar 31, 2017	As at March 31, 2016
Non-current secured loans			20,92,71,48,554	9,50,05,96,850
Current secured and unsecured loans			21,99,28,34,389	21,53,55,66,872
<b>Total</b>			<b>42,91,99,82,943</b>	<b>31,03,61,63,722</b>

\*\*Loans to the extent of ₹ 40,81,23,77,923 (previous year ₹ 29,33,61,63,722) are secured by:

- (i) Hypothecation of assets and/or  
 (ii) Mortgage of property and/or  
 (iii) The Company has also taken corporate guarantee/personal guarantee of corporate/directors in certain cases over and above of security (disclosed above).  
 (iv) Pledge of shares & other financial securities.

12. Others

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	₹	₹	₹	₹
<b>Other loans and advances</b>				
Security deposits, unsecured, considered good	-	65,00,000	-	-
Advance tax (net of provision for tax)	9,76,43,436	3,20,67,744	-	-
Prepaid expenses	-	-	35,42,364	41,48,297
Other advances	-	-	24,70,886	24,987
<b>Total</b>	<b>9,76,43,436</b>	<b>3,85,67,744</b>	<b>60,13,250</b>	<b>41,73,284</b>



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13. Trade receivables and other assets

13.1 Trade receivables

	Non-current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	₹	₹	₹	₹
<b>Unsecured, considered good unless stated otherwise</b>				
Outstanding for a period exceeding six months from the date they are due for payment	-	-	-	-
Unsecured, considered good	-	-	-	-
Doubtful	-	-	-	-
Provision for doubtful receivables	-	-	-	-
(A)	-	-	-	-
Outstanding for a period less than six months from the date they are due for payment	-	-	4,22,92,284	-
Unsecured, considered good	-	-	4,22,92,284	-
Doubtful	-	-	-	-
Provision for doubtful receivables	-	-	-	-
(B)	-	-	4,22,92,284	-
Total (A) + (B)	-	-	4,22,92,284	-

13.2 Other assets

	Non current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	₹	₹	₹	₹
Interest accrued but not due on others	1,15,72,603	2,05,25,918	14,24,20,965	10,63,05,189
<b>Total</b>	<b>1,15,72,603</b>	<b>2,05,25,918</b>	<b>14,24,20,965</b>	<b>10,63,05,189</b>

14. Cash and bank balances

	Non current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	₹	₹	₹	₹
<b>Cash and cash equivalents:</b>				
- Cash on hand	-	-	13,271	970
Balances with banks:				
- On current accounts	-	-	5,59,92,10,088	14,56,507
- On overdraft accounts	-	-	5,16,94,066	-
- Deposits with original maturity for less than 3 months	-	-	-	-
A	-	-	5,65,09,17,425	14,57,477
<b>Other bank balances</b>				
- Deposits with original maturity for more than 12 months	-	-	-	-
- Deposits with original maturity for more than 12 months under lien	-	-	-	-
- Deposits with original maturity for more than 3 months but less than 12 months	-	-	-	-
- Deposits with original maturity for more than 3 months but less than 12 months under lien	-	-	-	-
B	-	-	-	-
<b>Total</b>	-	-	<b>5,65,09,17,425</b>	<b>14,57,477</b>

15. Revenue from operations

	For the period	For the year ended
	ending Mar 31, 2017	March 31, 2016
	₹	₹
<b>Interest income</b>		
Interest income on loans	4,48,71,20,516	3,08,44,50,051
Interest income on investments	22,69,22,341	16,90,98,718
<b>Other operating revenue</b>		
Income from processing fees	59,76,69,783	33,69,33,915
Income from advisory fees	52,09,067	6,15,00,000
Profit on sale of investments	43,70,85,851	7,79,13,424
<b>Total</b>	<b>5,75,40,07,558</b>	<b>3,72,98,96,108</b>

16. Other income

	For the period	For the year ended
	ending Mar 31, 2017	March 31, 2016
	₹	₹
Profit on sale of Vehicle	32,571	-
<b>Total</b>	<b>32,571</b>	<b>-</b>

17. Employee benefits expense

	For the period	For the year ended
	ending Mar 31, 2017	March 31, 2016
	₹	₹
Salaries, Wages and Bonus	11,91,73,963	7,72,53,743
Contribution to provident & other funds	26,33,334	20,41,668
Gratuity Expense (Refer Note 28)	6,15,637	1,05,033
Staff welfare	18,25,724	12,79,114
<b>Total</b>	<b>12,42,48,658</b>	<b>8,06,79,557</b>



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**18. Finance costs**

	For the period ending Mar 31, 2017	For the year ended March 31, 2016
	₹	₹
Interest on loan from bank and other financial expenses	2,91,00,48,562	1,79,21,98,974
Other finance expenses	4,11,00,959	2,00,24,696
<b>Total</b>	<b>2,95,11,49,521</b>	<b>1,81,22,23,670</b>

**19. Provisions and write off**

	For the period ending Mar 31, 2017	For the year ended March 31, 2016
	₹	₹
Provision against standard assets	4,54,95,277	7,18,52,459
<b>Total</b>	<b>4,54,95,277</b>	<b>7,18,52,459</b>

**20. Other expenses**

	For the period ending Mar 31, 2017	For the year ended March 31, 2016
	₹	₹
Rent, Rates and Taxes	98,76,579	1,00,88,800
Electricity expenses	9,31,129	9,73,299
Repairs and maintenance - others	11,95,957	21,54,075
Printing and stationery	7,48,322	3,35,391
Travelling and conveyance	1,53,07,252	69,82,874
Professional fees	2,34,87,462	1,17,90,130
CSR expenditure ( Refer Note 56 )	2,25,20,176	1,22,24,577
Director sitting fees	26,00,000	17,00,000
<b>Auditor Remuneration :</b>		
Statutory audit & Limited review	19,50,000	17,50,000
Statutory audit certification fee	3,00,000	3,00,000
Telephone and internet expenses	22,50,000	17,34,873
Business promotion	21,68,351	14,76,947
Rates & taxes	6,40,012	6,07,939
Service charges	16,07,772	18,53,284
Office expenses	17,01,912	14,14,777
Miscellaneous expenses	76,18,233	80,02,820
<b>Total</b>	<b>9,48,40,981</b>	<b>6,33,89,786</b>

**21. Depreciation and amortization expense**

	For the period ending Mar 31, 2017	For the year ended March 31, 2016
	₹	₹
Tangible assets	18,61,567	12,11,479
Intangible assets	33,90,287	15,50,075
<b>Total</b>	<b>52,51,854</b>	<b>27,61,554</b>



22. Estimated amount of contracts remaining to be executed on capital account – ₹57,86,686 (Previous Year ₹26,99,014).
23. There is no contingent liability as at March 31, 2017 (previous year ₹ Nil).
24. There are no restructured loans as at March 31, 2017 (previous year ₹ Nil).
25. Basic and Diluted Earnings per share (EPS) computed in accordance with Accounting Standard (AS) 20 “Earnings per share”

Particulars		2016 – 2017 ₹	2015 – 2016 ₹
Basic			
Profit after tax as per Statement of Profit and Loss	A	1,65,26,14,075	1,10,76,50,460
Weighted Average Number of Shares	B	40,63,32,192	33,68,29,235
Basic Earnings per share	A/B	4.07	3.29
Diluted			
Adjusted Profit after tax	C	1,65,26,14,075	1,10,76,50,460
Weighted Average Number of Shares	D	40,63,32,192	33,68,29,235
Diluted Earnings per share	C/D	4.07	3.29
Nominal Value per share		10	10

**26. Segment Information :**

The Company is engaged primarily in the business of financing of loans and its business operations are concentrated in India. Accordingly, there are no separate business segments and geographical segments as per Accounting Standard 17 - Segment Reporting issued by The Institute of Chartered Accountants of India.

**27. Related Parties disclosure:**

Disclosure in respect of Related Parties pursuant to Accounting Standard – 18:

List of Related Parties:-

Parties where control exists: Holding Company

Axis Bank Limited (“ABL”)

Fellow subsidiaries companies

Axis Private Equity Limited (“APEL”)

Axis Securities Limited (“ASL”)

Axis Mutual Fund Trustee Limited (“AMFTL”)

Axis Trustee Services Limited (“ATSL”)

Axis Asset Management Company Limited (“AAMCL”)

Axis Bank U.K. Limited (“ABUKL”)

Axis Capital Limited (“ACL”)

Axis Securities Europe Limited (“ASEL”)

A. Treds Limited (“ATL”)

Key management person

Mr. Bipin K Saraf, MD



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**Transactions with related parties**

Particulars	Holding Company ₹	Fellow Subsidiary ₹	Key Management Personnel ₹	Total ₹
<b>Income</b>				
Processing fees (ABL)	22,51,80,460 (9,88,77,989)	- (-)	- (-)	22,51,80,460 (9,88,77,989)
<b>Capital Receipts and Payments</b>				
Commercial Paper Issued (ABL)	1,47,32,40,000 (-)	- (-)	- (-)	1,47,32,40,000 (-)
Issue of Equity Share Capital (Including Share premium) (ABL)	1,00,00,00,000 (1,00,00,00,000)	- (-)	- (-)	1,00,00,00,000 (1,00,00,00,000)
Non-Convertible Debentures (ABL)	2,00,00,00,000 (-)	- (-)	- (-)	2,00,00,00,000 (-)
<b>Expenses</b>				
Dividend Paid (ABL)	94,94,27,500 (62,60,25,000)	- (-)	- (-)	94,94,27,500 (62,60,25,000)
Rent paid (ABL)	96,94,579 (96,12,300)	- (-)	- (-)	96,94,579 (96,12,300)
Rent paid (ASL)	- (-)	3,42,000 (2,56,500)	- (-)	3,42,000 (2,56,500)
Bank charges (ABL)	24,787 (8,774)	- (-)	- (-)	24,787 (8,774)
NACH charges (ABL)	403 (-)	- (-)	- (-)	403 (-)
Reimbursement of staff cost (ABL)	2,98,88,767 (2,90,80,849)	- (-)	- (-)	2,98,88,767 (2,90,80,849)
Interest paid on borrowings (ABL)	4,91,04,278 (1,81,02,981)	- (-)	- (-)	4,91,04,278 (1,81,02,981)
Internet charges paid (ASL)	- (-)	88,750 (1,12,738)	- (-)	88,750 (1,12,738)
Demat Charges (ASL)	- (-)	55,745 (59,319)	- (-)	55,745 (59,319)
Demat Charges (ABL)	81,202 (20,242)	- (-)	- (-)	81,202 (20,242)
Professional fees (ATSL)	- (-)	7,50,000 (10,00,000)	- (-)	7,50,000 (10,00,000)
Salary, Rent and contribution to PF	- (-)	- (-)	1,45,33,609 (1,11,28,033)	1,45,33,609 (1,11,28,033)
Service charges (ACL)	- (-)	13,80,615 (12,80,492)	- (-)	13,80,615 (12,80,492)
Brokerage paid (ASL)	- (-)	210,853 (-)	- (-)	210,853 (-)



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AXIS FINANCE LIMITED

IPA commission charges paid (ABL)	11,20,000	-	-	11,20,000
	(-)	(-)	(-)	(-)
Retainership fees reimbursement (ABL)	24,000	-	-	24,000
	(-)	(-)	(-)	(-)
Service charges other – IT Service fees (ABL)	42,069	-	-	42,069
	(-)	(-)	(-)	(-)
Referral fees (ABL)	16,796	-	-	16,796
	(-)	(-)	(-)	(-)
Arrangership fees (ABL)	72,00,000	-	-	72,00,000
	(-)	(-)	(-)	(-)
Escrow fees (ABL)	3,69,500	-	-	3,69,500
	(-)	(-)	(-)	(-)
Other Reimbursement of Expenses (ABL)	60,14,552	-	-	60,14,552
	(60,06,909)	(-)	(-)	(60,06,909)
<b>Closing Balance</b>				
Share Capital (ABL)	4,18,25,00,000	-	-	4,18,25,00,000
	(3,68,25,00,000)	(-)	(-)	(3,68,25,00,000)
Non-Convertible Debentures (ABL)	56,10,00,000	-	-	56,10,00,000
	-	-	-	-
Short term borrowings (ABL)	-	-	-	-
	(97,17,47,988)	(-)	(-)	(97,17,47,988)
LOC Account Balance (ABL)	5,16,94,066	-	-	5,16,94,066
	(-)	(-)	(-)	(-)
Current account balance (ABL)	4,80,31,15,137	-	-	4,80,31,15,137
	(10,35,813)	(-)	(-)	(10,35,813)
Processing fees Receivable (ABL)	4,20,22,764	-	-	4,20,22,764
	(-)	(-)	(-)	(-)
Sundry payables (ABL)	4,44,150	-	-	4,44,150
	(70,63,752)	(-)	(-)	(70,63,752)
Sundry payables (ASL)	-	94,834	-	94,834
	(-)	(44,159)	(-)	(44,159)

Note: -

1. Related party relationships and transactions have been identified by the Management and relied upon by the Auditors.
2. The remuneration to the key managerial person does not include provisions made for gratuity and leave benefits as they are determined on actuarial basis for the Company as a whole.
3. Figures in bracket pertain to previous year.



**28. Gratuity and other benefit plans**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

Net employee benefit expense (recognized in employee cost)\*:

	2016-17 (₹)	2015-16 (₹)
Current service cost	3,94,608	3,09,318
Interest cost on benefit obligation	2,48,688	2,15,371
Expected return on plan assets	(2,40,327)	(1,50,243)
Net actuarial (gain)/loss recognized in the year	2,12,668	(2,69,041)
Past service cost	-	-
Transferred from group Company	-	-
<b>Net benefit expense/(income)</b>	<b>6,15,637</b>	<b>1,05,405</b>

Provision for gratuity recognized in Balance Sheet\*:

	2016-17 (₹)	2015-16 (₹)
Projected benefit obligation	(39,12,342)	(31,24,216)
Fair value of plan assets	31,91,672	30,19,183
Less: Unrecognised past service cost	-	-
<b>Plan liability</b>	<b>7,20,670</b>	<b>1,05,033</b>

Actual return on plan assets

	2016-17 (₹)	2015-16 (₹)
Expected return on plan assets	2,40,327	1,50,243
Actuarial gains/(losses) on plan assets	(67,838)	1,59,501
<b>Actual Return on plan assets</b>	<b>1,72,489</b>	<b>3,09,744</b>

Changes in the present value of the projected benefit obligation are as follows\*:

	2016-17 (₹)	2015-16 (₹)
Opening projected benefit obligation	31,24,216	27,09,067
Interest cost	2,48,688	2,15,371
Current service cost	3,94,608	3,09,318
Liability transferred in	-	-
Actuarial (gains)/losses on obligation	1,44,830	(1,09,540)
<b>Closing projected benefit obligation</b>	<b>39,12,342</b>	<b>31,24,216</b>



Changes in the fair value of plan assets are as follows\*:

	2016-17 (₹)	2015-16 (₹)
Opening fair value of plan assets	30,19,183	18,89,844
Expected return	2,40,327	1,50,243
Contributions by employer	-	8,19,595
Benefits paid	-	-
Actuarial gains/(losses)	(67,838)	1,59,501
Closing fair value of plan assets	31,91,672	30,19,183

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows\*:

	March 31, 2017	March 31, 2016
Investment with insurer	100%	100%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below\*:

	2016-17	2015-16
Discount rate	7.39%	7.96%
Expected rate of return on assets	7.39%	7.96%
Employee turnover	5.00%	5.00%
Salary escalation rate	7.00%	7.00%

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous four periods are as follows:

	2016-17 (₹)	2015-16 (₹)	2014-15 (₹)	2013-14 (₹)	2012-13 (₹)
Projected benefit obligation	39,12,342	31,24,216	27,09,067	18,70,934	-
Plan assets	31,91,672	30,19,183	18,89,844	2,49,457	-
(Surplus) /deficit	7,20,670	1,05,033	8,19,223	16,21,477	-
Experience adjustments on plan liabilities	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

## 29. Deferred taxation:

In accordance with Accounting Standard 22 "Accounting for Taxes on Income" (AS 22), the Company has accounted for deferred taxes during the year. Deferred tax comprises of timing difference on account of following:-

Deferred Tax Asset/(Liability)	2016-17 (₹)	2015-16 (₹)
Depreciation	(14,87,361)	(11,11,541)
Provision for leave encashment	5,35,926	4,50,810
Contingent provision on standard assets	5,94,34,753	4,36,89,748
Total	5,84,83,318	4,30,29,017



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30. Information related to Micro, Small and Medium Enterprises Development Act, 2006 (Act) has been determined to the extent such parties have been identified on the basis of information available with the Company. There is no outstanding balance due to such parties at year end. (Previous year ₹ Nil).

31. Foreign currency expenditure and foreign currency income during the year was Nil (Previous year Nil).

**32. Capital to Risk-Asset Ratio (CRAR)**

Sl. No.	Items	2016-17	2015-16
(i)	CRAR (%)	23.15%	21.81%
(ii)	CRAR- Tier I Capital (%)	18.52%	21.43%
(iii)	CRAR- Tier II Capital (%)	4.63%	0.38%
(iv)	Amount of subordinated debt raised as Tier-II capital	₹2,00,00,00,000	-
(v)	Amount raised by issue of Perpetual Debt Instruments	-	-

**33. Exposure to Real Estate Sector**

Particulars	2016-17 ₹	2015-16 ₹
a) Direct Exposure		
(i) Residential Mortgages	51,85,87,007	26,43,32,865
(ii) Commercial Real Estate	10,24,28,53,996	9,61,87,73,555
(iii) Investment in Mortgage Backed Securities(MBS) and other securitised exposures-		
(a) Residential	-	-
(b) Commercial Real Estate	-	-
b) Indirect Exposure	-	-
Total Exposure to Real Estate Sector	10,76,14,41,003	9,88,31,06,420

34. No frauds have been reported during the current year and previous year.

35. The Company has not entered into any derivative transaction (including forward rate agreement /interest rate swap/ Exchange Traded Interest Rate (IR) Derivatives) during the current year and previous year and there is no outstanding derivative transaction as on 31 March 2017 and 31 March 2016 respectively.

36. There has not been any limit exceeded for single borrower limit and group borrower limit by the Company in current year and previous year.

37. There are no advances/projects financed by the Company wherein intangible security such as rights, licences, authorizations etc. are charged as collateral.

38. There are no registrations obtained from other financial sector regulator (other than RBI) by the Company in current year and previous year.

39. There have not been any penalties imposed by RBI and other regulators on the Company in current year and previous year.



40. India Ratings and Research Private Limited and CRISIL Limited have accredited the following ratings to the Company.

Name of Rating Agency	Type	Ratings	Amount (₹ in crores)	Tenure	Validity
India Ratings and Research Private Limited	Long term	IND AAA	1,200	-	Yearly Surveillance
	Short term	IND A1+	7,000	12 months	31 <sup>st</sup> January 2018
CIRISIL Limited	Long term	CRISIL AAA/Stable	2,000	-	Yearly Surveillance
	Short term	CIRISIL A1+	8,000	12 months	25 <sup>th</sup> August, 2017

41. During the year, the holding company issued stock options to certain employees of the holding company who are on deputation with the Company. Since these stock options are issued by the holding company directly to the employees of the holding company, and the related costs, if any, will be borne by the holding company, no provision is made in the accompanying financials statements.



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42. Asset Liability Management Maturity pattern of certain items of assets and liabilities

Financial year 2016-17

Particulars	Upto 30-31 days	Over 1 month upto 2 months	Over 2 month upto 3 months	Over 3 month & upto 6 months	Over 6 month & upto 1 years	Over 1 year and upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Deposit	-	-	-	-	-	-	-	-	-
Advances	2,50,93,71,517	79,99,23,807	3,36,25,21,149	4,90,49,25,672	10,41,60,92,244	14,06,95,08,061	6,85,76,40,494	-	42,91,99,82,944
Investments	2,80,00,00,000	-	-	-	-	1,00,00,00,000	-	-	3,80,00,00,000
Borrowings	13,89,75,22,927	9,83,88,39,815	6,90,73,38,370	4,12,51,04,351	1,45,00,00,000	4,45,00,00,000	-	2,00,00,00,000	42,66,88,05,463
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

Financial year 2015-16

Particulars	Upto 30-31 days	Over 1 month upto 2 months	Over 2 month upto 3 months	Over 3 month & upto 6 months	Over 6 month & upto 1 years	Over 1 year and upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Deposit	-	-	-	-	-	-	-	-	-
Advances	1,63,23,36,996	38,74,03,899	2,57,25,10,851	3,88,32,70,771	13,23,43,26,409	7,68,63,56,463	1,63,99,58,333	-	31,03,61,63,722
Investments	2,22,71,861	-	-	-	51,00,00,000	15,00,00,000	1,20,00,00,000	52,94,85,000	2,41,17,56,861
Borrowings	11,89,65,59,897	5,08,68,01,135	1,96,35,73,157	48,87,10,914	25,00,00,000	5,40,47,89,863	80,00,00,000	-	25,89,04,34,966
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-



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**43. Investments**

		(Amount in ₹)	
Particulars		2016-17	2015-16
(1)	Value of Investments		
	(i)	Gross Value of Investments	
	(a)	In India	3,80,00,00,000
	(b)	Outside India,	-
	(ii)	Provisions for Depreciation	
	(a)	In India	-
	(b)	Outside India,	-
	(iii)	Net Value of Investments	
	(a)	In India	3,80,00,00,000
	(b)	Outside India.	-
(2)	Movement of provisions held towards depreciation on investments.		
(i)	Opening balance	-	-
(ii)	Add : Provisions made during the year	-	-
(iii)	Less : Write-off / write-back of excess provisions during the year	-	-
(iv)	Closing balance	-	-

44. There are no securitisation transactions entered into by the Company during the current year and previous year. Also, the Company does not have any securitisation exposures during the current year and previous year.

45. The Company has not sold any financial assets to Securitisation/Reconstruction Company for asset reconstruction and also not undertaken any assignment transactions during the current year and previous year.

46. The Company has not purchased/sold any non performing financial assets during the current year and previous year.

47. There has not been any financing of parent Company products by the Company during the current year and previous year.





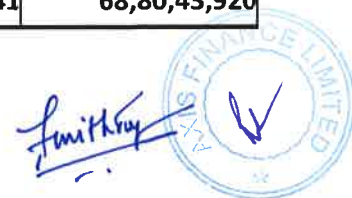
**48. Exposure to Capital Market**

		(Amount in ₹)	
Particulars		2016-17	2015-16
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	7,37,72,31,208	4,52,96,18,738
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	17,00,32,29,872	11,68,90,08,857
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	7,68,00,692	41,03,563
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	-	-
<b>Total Exposure to Capital Market</b>		<b>24,45,72,61,772</b>	<b>16,22,27,31,158</b>

**49. Provisions and Contingencies**

The break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account is as below:

Particulars	2016-17 ₹	2015-16 ₹
Provisions for depreciation on Investment	-	-
Provision towards NPA	-	-
Provision made towards Income tax	89,58,94,064	61,61,91,461
Other Provisions and Contingencies	-	-
Provision for Standard Assets	4,54,95,277	7,18,52,459
<b>Total</b>	<b>94,13,89,341</b>	<b>68,80,43,920</b>



50. There have been no drawn down reserves during the current year and previous year.

**51. Concentration of Advances**

Particulars	2016-17 (₹)	2015-16(₹)
Total Advances to Twenty Largest Borrowers	19,21,70,72,623	15,90,72,50,116
Percentage of Advances to Twenty Largest Borrowers to Total Advances	44.76%	51.25%

**52. Concentration of Exposures**

Particulars	2016-17(₹)	2015-16(₹)
Total Exposure to Twenty Largest Borrowers / customers	20,43,61,65,992	17,09,43,57,453
Percentage of Exposures to Twenty Largest Borrowers / Customers to Total Exposure of Axis Finance on borrowers / customers	37.13%	43.68%

53. There are no NPAs of the Company for the current year as well as previous year.

54. There are no Off-Balance Sheet SPVs of the Company for the current year as well as previous year.

**55. Customer Complaints**

	Particulars	2016-17	2015-16
(a)	No. of complaints pending at the beginning of the year	NIL	NIL
(b)	No. of complaints received during the year	NIL	NIL
(c)	No. of complaints redressed during the year	NIL	NIL
(d)	No. of complaints pending at the end of the year	NIL	NIL

**56. Amount Spent towards Corporate Social Responsibility (CSR)**

	Particulars	2016-17		2015-16	
		₹		₹	
a)	Gross amount required to be spent by the company during the year	2,25,20,176		1,22,24,577	
b)	Amount spent during the year ending on 31 <sup>st</sup> March:	In cash	Yet to be paid in cash	In cash	Yet to be paid in cash
(i)	Construction/acquisition of any asset	-	-	-	-
(ii)	On purposes other than (i) above	2,25,20,176	-	1,22,24,577	-



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**57. Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 as provided in the Table below:-**

	SBNs (₹)	Other denomination notes(₹)	Total(₹)
Closing cash in hand as on 08.11.2016	14,500	1,378	15,878
(+) Permitted receipts	-	20,000	20,000
(-) Permitted payments	-	(2,968)	(2,968)
(-) Amount deposited in Banks	(14,500)	-	(14,500)
Closing cash in hand as on 30.12.2016	-	18,410	18,410

**58. Details of Auditors Remuneration**


Particulars	2016-17(₹)	2015-16(₹)
For Statutory Audit and Limited Review	19,50,000	17,50,000
For Certification Services	3,00,000	3,00,000
	<b>22,50,000</b>	<b>20,50,000</b>

**59.** On 4<sup>th</sup> July 2016, the Board of Directors of the Company had approved the acquisition of Axis Private Equity Limited, a wholly owned subsidiary of the Bank. As per the Scheme, Company will issue the shares to Axis Bank Ltd for acquisition of Axis Private Equity Limited. The appointed date of acquisition is 1st April, 2016, and the parties shall proceed with filing the Scheme and other necessary documents with the relevant High Courts and other regulatory authorities for their approval. Pending the requisite approval, no effect of acquisition has been given in the books.

**60.** Previous year figures have been re-grouped, re-classified wherever necessary to conform to current year's presentation.

The accompanying notes are forming part of financial statements  
As per our attached report of even date

**For S.R. BATLIBOI & CO. LLP**  
Chartered Accountants  
Firm Registration No.301003E/E300005

  
per **Jitendra H. Ranawat**  
Partner  
Membership No.:- 103380  
Date: April 11, 2017



For and behalf of the board of Axis Finance Limited

  
**Srinivasan Varadarajan**  
Chairman  
DIN No: 00033882

  
**Amith Iyer**  
Chief Financial Officer

  
**Bipin Kumar Saraf**  
Managing Director  
DIN No: 06416744

  
**Rajneesh Kumar**  
Company Secretary  
Membership No: A31230



**Schedule to the Balance Sheet of a non-deposit taking non-banking financial company**

		(₹)	(₹)	(₹)	(₹)
		Amount outstanding as at March 31, 2017	Amount overdue as at March 31, 2017	Amount outstanding as at March 31, 2016	Amount overdue as at March 31, 2016
<b>Liabilities side :</b>					
<b>(1)</b>	<b>Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:</b>				
	(a) Debentures : Secured	7,36,92,24,687	-	6,73,13,00,159	-
	: Unsecured (other than falling within the meaning of public deposits*)	2,11,51,80,854	-	-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	-	-	10,07,89,863	-
	(d) Inter-corporate loans and borrowing	-	-	-	-
	(e) Commercial Paper	28,70,60,66,144	-	11,03,27,27,591	-
	(f) Public Deposits*	-	-	-	-
	(f) Other Loans (Bank's Line of Credit)	5,50,87,39,319	-	8,40,29,17,512	-
	*Please see Note 1 below				
<b>(2)</b>	<b>Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :</b>				
	(a) In the form of Unsecured debentures	-	-	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	(c) Other public deposits	-	-	-	-
	*Please see Note 1 below				
<b>Assets side :</b>					
<b>(3)</b>	<b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b>				
	(a) Secured	40,81,23,77,923	-	29,33,61,63,722	-
	(b) Unsecured	2,10,76,05,021	-	1,70,00,00,000	-
<b>(4)</b>	<b>Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>				
	(i) Lease assets including lease rentals under sundry debtors :	-	-	-	-
	(a) Financial lease	-	-	-	-
	(b) Operating lease	-	-	-	-
	(ii) Stock on hire including hire charges under sundry debtors:	-	-	-	-
	(a) Assets on hire	-	-	-	-
	(b) Repossessed Assets	-	-	-	-
	(iii) Other loans counting towards AFC activities	-	-	-	-
	(a) Loans where assets have been repossessed	-	-	-	-
	(b) Loans other than (a) above	-	-	-	-



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AXIS FINANCE LIMITED

(5)	Break-up of Investments :	As at March 31, 2017 (₹)	As at March 31, 2016(₹)
	<b>Current Investments :</b>		
	<b>1. Quoted :</b>		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	2,22,71,861
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	<b>2. Unquoted :</b>		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	51,00,00,000
	(iii) Units of mutual funds	2,80,00,00,000	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	<b>Long Term investments :</b>		
	<b>1. Quoted :</b>		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	1,87,94,85,000
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	<b>2. Unquoted :</b>		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	1,00,00,00,000	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
		<b>3,80,00,00,000</b>	<b>2,41,17,56,861</b>



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AXIS FINANCE LIMITED

<b>Borrower group-wise classification of assets financed as in (3) and (4) above :</b>							
<b>(6) Please see Note 2 below</b>							
Category	Amount (₹) net of provisions as at March 31, 2017			Amount (₹) net of provisions as at March 31, 2016			
	Secured	Unsecured	Total	Secured	Unsecured	Total	
1. Related Parties **							
(a) Subsidiaries	-	-	-	-	-	-	
(b) Companies in the same group	-	-	-	-	-	-	
(c) Other related parties	-	-	-	-	-	-	
2. Other than related	40,81,23,77,923	2,10,76,05,021	42,91,99,82,944	29,33,61,63,722	1,70,00,00,000	31,03,61,63,722	
<b>Total</b>	<b>40,81,23,77,923</b>	<b>2,10,76,05,021</b>	<b>42,91,99,82,944</b>	<b>29,33,61,63,722</b>	<b>1,70,00,00,000</b>	<b>31,03,61,63,722</b>	

<b>Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b>					
<b>(7) Please see note 3 below</b>					
Category	Market Value / Break up or fair value or NAV* as at March 31, 2017(₹)	Book Value (Net of Provisions) as at March 31, 2017(₹)	Market Value / Break up or fair value or NAV* as at March 31, 2016(₹)	Book Value (Net of Provisions) as at March 31, 2016(₹)	
1. Related Parties **					
(a) Subsidiaries	-	-	-	-	
(b) Companies in the same group	-	-	-	-	
(c) Other related parties	-	-	-	-	
2. Other than related parties	3,86,06,49,516	3,80,00,00,000	2,50,30,65,085	2,41,17,56,861	
<b>Total</b>	<b>3,86,06,49,516</b>	<b>3,80,00,00,000</b>	<b>2,50,30,65,085</b>	<b>2,41,17,56,861</b>	



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AXIS FINANCE LIMITED

\* Disclosure is made in respect of available information

\*\* As per Accounting Standard of ICAI (Please see Note 3)

<b>(8) Other information</b>		2016-17	2015-16
	<b>Particulars</b>	<b>Amount (₹)</b>	<b>Amount(₹)</b>
(i)	Gross Non-Performing Assets		
	(a) Related parties	-	-
	(b) Other than related parties	-	-
(ii)	Net Non-Performing Assets		
	(a) Related parties	-	-
	(b) Other than related parties	-	-
(iii)	Assets acquired in satisfaction of debt	-	-

**Notes :**

1. As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
2. Provisioning norms shall be applicable as prescribed in Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding and Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for calculation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.



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