



AXIS FINANCE LIMITED
DIRECTORS' REPORT – 2017-2018

To
The Members of
Axis Finance Limited ("Company")

Your Directors are pleased to present the 23rd 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, 2018.

1. FINANCIAL HIGHLIGHTS OF THE COMPANY:

The summarized financial highlights of the Company for the year ended March 31, 2018 is presented below:

(Amount in Rs.)

Particulars	Current Financial Year 31.03.18	Previous Financial Year 31.03.17
Income from Operations	721,50,23,636	575,40,07,558
Other Income	-	32,571
Total Revenue	721,50,23,636	575,40,40,129
Total Expenditure	400,98,31,652	322,09,86,291
Profit/(Loss) before Taxation	320,51,91,985	253,30,53,838
Tax expenses / (Credit)	111,16,55,374	88,04,39,763
Profit/(Loss) after Taxation	209,35,36,610	165,26,14,075
Balance brought forward from previous year	152,65,77,593	134,72,72,119
Profit available for appropriation	362,01,14,203	299,98,86,194
<i>Less: Appropriations</i>		
- Interim Equity Dividend	121,27,82,500	94,94,27,500
- Tax on Equity Dividends	24,68,93,984	19,32,81,101
- Previous Year Tax on Equity Dividends	-	-
- General Reserve	-	-
- Transfer to Statutory Reserve	41,88,00,000	33,06,00,000
Surplus carried to the Balance Sheet	174,16,37,719	152,65,77,593



2. FINANCIAL PERFORMANCE OF THE COMPANY:

During the financial year under review, the Company continued its focus on its lending activities which offered higher yields on senior secured basis.

For FY March 31, 2018 the Company's:

- The total revenue was Rs. 721.50 crores as against Rs. 575.40 crores for FY March 31, 2017.
- The total expenditure was Rs. 400.98 crores as against Rs. 322.10 crores for FY March 31, 2017.
- The net profit is Rs. 209.35 crores as against Rs. 165.26 crores for FY March 31, 2017

As on March 31, 2018, the Company's:

- Capital to Risk Asset Ratio (CRAR) was 23.76% as against 23.15% on March 31, 2017.
- The Net Owned Funds stood at Rs. 1052.39 crores resulting in 21.24% increase over the previous year.

Information on the operational and financial performance, among others, is given in the Management Discussion and Analysis Report which is annexed to this Report.

3. DIVIDEND:

During the year under review, your Directors declared and paid an interim dividend on two occasions. The details of the same are as under-

- Rs. 2.21/- per share (on the face value of Rs. 10 each) out of the profits of the Company for the period ended December 15, 2017 aggregating to Rs. 92,43,32,500/- ; and
- Re. 0.60/- per share (on the face value of Rs. 10 each) out of the profits of the Company for the period ended February 28, 2018 aggregating to Rs. 28,84,50,000/-.

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, 2018.

The Board of Directors of the Company have adopted a Dividend Distribution Policy and the same is made available on the website of the Company viz. <https://www.axisfinance.co.in/>.



4. AMOUNT PROPOSED TO BE CARRIED TO RESERVES:

The break-up of the amounts/profits proposed to be carried to reserves for FY 2017-18, is set out herein below:

(Amount in Rs Crs.)

Particulars	FY 2017-18	FY 2016-17
Transfer to Capital Redemption Reserve	NIL	NIL
Transfer to Reserve Fund u/s 45-IC of the RBI Act, 1934 (being 20% of the net profits)	41.88	33.06
Balance in Profit and Loss Account	174.16	152.66

5. STATE OF COMPANY'S AFFAIRS:
a. Share Capital

During the year under review 6,25,00,000 equity shares of Rs. 10 each for cash at a premium of Rs.10 per equity share were issued and allotted on a Rights basis to Axis Bank Limited (Holding Company). Consequently, as at March 31, 2018, the paid-up share capital of the Company stood at Rs. 480.75 crores divided into 48,07,50,000 equity shares of Rs. 10 each. There has been no change in the issued and paid up capital after March 31, 2018 till the date of this report. Further, no reserves were transferred to the P&L Account during the year.

b. Directors & Key Managerial Personnel

The composition of the Board is in compliance with the applicable provisions of the Companies Act, 2013, ("Act") and the rules framed thereunder, guideline(s) issued by the Reserve Bank of India and other applicable laws inter alia with respect to appointment of women director, non-executive director(s) and non-executive independent director(s). During the year under review, Mr. Jairam Sridharan was co-opted on the Board w.e.f October 13, 2017. The composition of the Board and the details in this regard have been provided in the Corporate Governance Report furnished later in this Report.



- Policy On Appointment of Directors and Senior Management Personnel

In terms of Section 178 of the Companies Act, 2013 read with rules framed thereunder and the RBI Master Directions, as amended, the Board has adopted, 'Policy on "Fit & Proper" Person Criteria' for appointment of Directors and Senior Management Personnel of the Company. The details of the said policy have been provided in the Corporate Governance Report annexed to this Report.

- Director(s) Disclosure

Based on the declarations and confirmations received in terms of the applicable provisions of the Act, circulars, notifications and directions issued by the Reserve Bank of India and other applicable laws, none of the Directors of the Company are disqualified from being appointed as Directors of the Company.

The Company has received necessary declarations from the Independent Directors, affirming compliance with the criteria of independence laid under the provisions of Section 149(6) of the Act.

- Director(s) retiring by rotation

In accordance with the provisions of the Companies Act, 2013 read along with the applicable Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. Cyril Anand Madireddi, retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

- Appointment of Mr. Jairam Sridharan as Director of the Company

Mr. Jairam Sridharan (DIN: 05165390), was appointed as an Additional Director of the Company w.e.f. October 13, 2017. In terms of Section 161 of the Companies Act, 2013 (as amended), Mr. Sridharan holds office upto the date of the forthcoming Annual General Meeting. The Company has received a Notice from a member proposing candidature of Mr. Sridharan as Director of the Company. Accordingly, the approval of members for appointment of Mr. Sridharan as a Director liable to retire by rotation is being sought at the forthcoming Annual General Meeting.



- Key Managerial Personnel

Mr. Bipin Saraf – Managing Director & Chief Executive Officer, Mr. Amith Iyer– Chief Financial Officer and Mr. Rajneesh Kumar – Company Secretary & Compliance Officer are the Key Managerial Personnel of the Company in terms of Section 203 of the Act.

During the year under review, the composition of Key Managerial Personnel remains unchanged.

c. Board Evaluation

Pursuant to provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department.

d. 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, there is therefore no change in the shareholding pattern of the Company during the year under review.



e. Human Resource

During the year, the Company has successfully inducted significant talent at senior and mid-level into the Company and was successful in retaining and developing the existing human resources. The Company has developed a robust learning & development calendar in line with the training needs identified for its employees. As on March 31, 2018 the Company had 84 employees on its payroll. Your Directors place on record the appreciation of effort and dedication of the employees in achieving good results during the year under review.

f. Subsidiaries / Joint Venture / Associate Companies

The Company does not have any Subsidiary, Joint Venture or Associate Companies in accordance with the provisions of the Act, and hence, disclosure regarding the same is not applicable.

g. 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.

h. Implementation of Compliance Monitoring & Reporting Tool

In terms of provisions of Section 134(5)(f) of the Act, the Company has put in place a Compliance Management System (ricago CMS) for effectively tracking and managing critical action items related to regulatory and internal compliance requirements.

i. Updates on Amalgamation

The Company is in the process of amalgamating Axis Private Equity Limited (a group company) with itself and in this regard, the Company has filed an application before the National Company Law Tribunal, Mumbai with respect to the Scheme of Amalgamation between Axis Private Equity Limited (being the Transferor Company) with the Company (being the Transferee Company). The said scheme was approved by the Board of Directors of the Company vide resolution passed on July 13, 2017.



6. FINANCE & CREDIT RATINGS:

a. Finance:

During the year under review, the Company raised funds from various public/private sector banks, mutual funds and financial institutions. The Company continued to borrow funds inter alia by issue of Commercial Papers and Non-Convertible Debentures, term loan(s) from banks/financial institutions etc. Details in this regard are stated and more particularly mentioned in the Audited Financial Statements.

b. Credit Rating:

During the year under review, the Company retained the following ratings from CRISIL & India Ratings for the ongoing debt programme of the Company:

- Long Term Debt Programme: AAA/Stable by CRISIL & AAA by India Ratings
- Short Term Debt Programme: A1+ by CRISIL & India Rating

The credit ratings reflect the Company's financial discipline and prudence.

7. PARTICULARS OF DEPOSITS:

The Company being a "Non-Deposit Accepting Non-Banking Financial Company", provisions of Section 73 and Section 74 of the Act read with Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014, are not applicable to the Company.

During the year under review, the Company had neither accepted nor held any deposits from the public and shall not accept any deposits from the public without obtaining prior approval from the Reserve Bank of India.

8. EXTRACTS OF THE ANNUAL RETURN:

In accordance with the provisions of Section 92 of the Companies Act, 2013 and the Rules framed thereunder, the extract of the Annual Return in Form MGT-9 is annexed herewith. **(Annexure I)**

9. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES AND POLICY ON RELATED PARTY TRANSACTIONS:

All the Related Party Transactions entered by the Company are on arm's length basis and in the ordinary course of business. The disclosure in this regard forming part of this report is



provided in the financial statement. All the Related Party Transactions as required under AS-18 are reported in the Notes to the financial statement.

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 II** 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 is placed before the Audit Committee for their review on a periodic basis. None of the Directors has any pecuniary relationship or transactions with the Company. The policy on Related Party Transactions is placed on the website of the Company viz. <https://www.axisfinance.co.in/>.

10. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

During the year under review, the Company had not made any investments in terms of provisions of Section 186(1) of the Act. The provisions of Section 186 of the Act pertaining to granting of loans to any persons or body corporate and giving of guarantees or providing security in connection with the loan to any other body corporate or persons are not applicable to the Company, since the Company is a Non-Banking Financial Company, registered with Reserve Bank of India.

11. INTERNAL FINANCIAL CONTROL SYSTEMS:

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.

During the year under review, such controls were tested by the Internal Audit Department of the Company and no material weaknesses in the design or operations were observed. The Statutory Auditors have reviewed the said test results and found them to be effective.

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

The particulars regarding foreign exchange earnings and outgo appear as separate item in the notes to the Financial Statements. Since the Company does not carry any manufacturing activities, particulars to be disclosed with respect to conservation of energy and technology absorption under section 134(3) (m) of the 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.

13. 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.

14. THE REMUNERATION POLICY, DISCLOSURE OF REMUNERATION & PARTICULARS OF EMPLOYEES:

In terms of Section 178 of the Companies Act, 2013, your Board have adopted a 'Nomination and Remuneration Policy' inter-alia setting out the criteria for deciding remuneration of Executive Directors, Non-Executive Directors, Senior Management Personnel and other Employees of the Company. The said Policy is available on the website of the Company viz. <https://www.axisfinance.co.in/>.

In terms of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the disclosures with respect to the remuneration of Directors, Key Managerial Personnel and Employees of the Company have been provided at **Annexure III** to this Report.

In terms of Section 197 of the Companies Act, 2013 read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the statement relating to particulars of employees of the Company is available for inspection by the Members at the Registered Office of the Company during business hours on working days. A copy of this statement may be obtained by the Members by writing to the Company Secretary of the Company. The Board hereby confirm that the remuneration paid to the Directors is as per the Remuneration Policy of the Company.

15. CORPORATE SOCIAL RESPONSIBILITY (CSR)

In accordance with the provisions of Section 135 of the Act and the CSR Policy, the Company has contributed Rs. 3,60,39,735/- (Three Crores Sixty Lakhs Thirty Nine Thousand Seven Hundred and Thirty Five Only) (being 2 percent of the average net profit of the Company in the immediately three preceding financial years calculated as per Section 198 of the Act) towards CSR expenditure in various projects stipulated under Schedule VII of the Act. The details of the same is enclosed as **Annexure – IV** to this Report as mandated under the said Rules. The Policy adopted by the Company on Corporate Social Responsibility (CSR) is placed on the website of the Company viz. <https://www.axisfinance.co.in/>.



16. WHISTLE BLOWER / VIGIL MECHANISM:

The Company as part of the 'vigil mechanism' has in place a 'Whistle Blower Policy' to deal with instances of fraud and mismanagement, if any. The Whistle Blower Policy has been placed on the website of the Company viz. <https://www.axisfinance.co.in/>. This vigil mechanism of the Company is overseen by the Audit Committee and provides adequate safeguard against victimization of employees and also provide direct access to the Chairperson of the Audit Committee in exceptional circumstances. During the year under review, the Company has not received any complaint.

17. MANAGEMENT DISCUSSIONS AND ANALYSIS

The Management Discussion and Analysis is annexed herewith as **Annexure V** to this Report.

18. CORPORATE GOVERNANCE

The Company recognizes its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through its transparent practices and processes. The Company is accountable to its customers, government, regulatory authorities and other stakeholders of the Company. The Company's activities are carried out in accordance with good corporate governance practices and is constantly striving to improve them by adopting the best practices. The Company believes that good Corporate Governance practices enables the Board and the Management to direct and control the affairs of the Company in an efficient manner thereby helping the Company to achieve its goal and benefit the interest of all its stakeholders.

a) Board of Directors:

The Board of Directors, along with its Committees provide leadership and guidance to the Company's Management and directs, supervises and controls the activities of the Company. The size of the Board of the Company commensurate with the its size and business operations. In addition to the governance practices, the Board lays strong emphasis on transparency, accountability and integrity. At present, the Board strength is 7 (seven) Directors comprising of 1 (one) Executive Director, 3 (three) Non-Executive Directors, representing shareholders and 3 (three) Independent Non-Executive Directors.



- Composition of the Board of the Company:

Name of the Director(s)	Category
Mr. Srinivasan Varadarajan	Chairman (Non- Executive)
Mr. Bipin Kumar Saraf	Managing Director & Chief Executive Officer
Mr. Jairam Sridharan	Additional Director (Non- Executive)
Mr. V.R. Kaundinya	Independent Director (Non- Executive)
Mrs. Madhu Dubhashi	Independent Director (Non- Executive)
Mr. K N Prithviraj	Independent Director (Non- Executive)
Mr. Cyril Anand Madireddi	Director (Non- Executive)

- Meetings of the Board of Directors:

The Board meets at least once in a quarter to consider among other businesses, 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. The Board also takes decisions by circular resolutions which are noted by the Board at the subsequent meeting.

During the financial year 2017-18, the Company held 6 (six) meetings of the Board of Directors as per Section 173 of Companies Act, 2013. These were held on April 11, 2017, July 13, 2017, October 13, 2017, December 18, 2017, January 16, 2018 & March 07, 2018. 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 FY2018 is as under:



Name of the Director	Category of Director	Attendance at the last AGM held on July 13, 2017	Dates of Board meetings and attendance of the directors					
			April 11, 2017	July 13, 2017	Oct 13, 2017	Dec 18, 2017	Jan 16, 2018	Mar 07, 2018
Mr. Srinivasan Varadarajan	Chairman (Non-Executive)	YES	YES	YES	YES	NO	YES	YES
Mr. Bipin Kumar Saraf	MD & CEO (Executive)	YES	YES	YES	YES	YES	YES	YES
Mr. Jairam Sridharan (1) & (2)	Additional Director (Non-Executive)	NA	NA	NA	No	YES	YES	YES
Mr. V.R. Kaundinya	Independent Director (Non-Executive)	YES	YES	YES	YES	NO	YES	YES
Mrs. Madhu Dubhashi	Independent Director (Non-Executive)	YES	YES	YES	YES	YES	YES	YES
Mr. K N Prithviraj	Independent Director (Non-Executive)	YES	YES	YES	YES	YES	YES	YES
Mr. Cyril Anand Madireddi	Director (Non-Executive)	YES	YES	NO	YES	YES	YES	YES

Notes-

- (1) Appointed w.e.f. October 13, 2017
(2) Attended as Special Invitee



- Meeting of Independent Directors:

A separate meeting of Independent Directors of the Company was held on 7th March, 2018 without the presence of the Whole time Directors, the Non-Executive Non-Independent Directors, or any other Management Personnel to evaluate the performance of the non-independent Directors, Board and that of the Chairman.

b) Committees

In accordance with the applicable provisions of the Act, the circular(s), notification(s) and directions issued by the Reserve Bank of India and the Company's internal corporate governance requirements, the Board has constituted various Committees with specific terms of reference to focus on specific issues and ensure expedient resolution on diverse matters.

These include the Audit Committee, Nomination & Remuneration Committee, Committee of Directors, Corporate Social Responsibility Committee, Asset Liability Committee, Risk Management Committee, Grievance Redressal Committee and IT Strategy Committee. The matters pertaining to financial results and auditors report are taken care of by the Audit Committee and those pertaining to nomination / remuneration of Key Executives and Directors are within the realms of, Nomination & Remuneration Committee. The term of reference of Committee of Directors is as per the Credit Policy duly approved by the Board. 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 Risk Management Committee manages the integrated risk and further oversee the Risk Management function of the Company. The IT Strategy Committee looks after the IT related issues and decision making w.r.t. IT.

The Company Secretary acts as the Secretary for all the aforementioned Committees. The minutes of the meetings of all Committees along with summary of key decision/discussion taken at each Committee, is placed before the Board for discussion / noting /approval.

The table below provides a snap shot of the Board and committee composition as on March 31, 2018:



Name	Board	Audit committee	CSR committee	Nomination & Remuneration committee	Risk Management committee	Committee of Directors	IT Strategy Committee	Grievance Redressal Committee
Mr. Srinivasan Varadarajan	C	-	-	-	-	C	-	-
Mr. Bipin Kumar Saraf	M	-	M	M	M	M	M	C
Mr. Cyril Anand Madireddi	M	M	C	M	C	M	M	M
Mr. V.R Kaundinya	M	M	-	C	-	-	C	-
Mrs. Madhu Dubhashi	M	C	M	M	M	-	-	-
Mr. K.N. Prithviraj	M	M	-	-	M	M	-	-
Mr. Jairam Sridharan	M	-	-	-	-	-	-	-

C – Chairman/Chairperson, M – Member

i) Audit Committee - The Audit Committee was constituted on January 11, 2013. As on March 31, 2018, the Audit Committee comprised of 4 (four) members, of which three (3) were independent directors. The Chairperson of the committee is an independent director and was present at the 22nd AGM of the Company held on July 13, 2017. During the financial year 2017-18, the committee held 6 (six) meetings. These were held on April 11, 2017, July 13, 2017, October 12, 2017, December 18, 2017, January 16, 2018 & March 06, 2018.

Name of the Director	Dates of meetings and attendance by the members						% of attendance
	April 11, 2017	July 13, 2017	October 12, 2017	December 18, 2017	January 16, 2018	March 06, 2018	



Mrs. Madhu Dubhashi	YES	YES	YES	YES	YES	YES	100%
Mr. V.R Kaundinya	YES	YES	YES	NO	YES	YES	83.33%
Mr. K.N. Prithviraj	YES	YES	YES	YES	YES	YES	100%
Mr. Cyril Anand Madireddi	YES	NO	YES	YES	YES	YES	83.33%

ii) Nomination & Remuneration Committee - The Nomination Committee was constituted on January 11, 2013. As on March 31, 2018, the Nomination Committee comprised of 4 (four) members, of which two (2) were independent directors. The Chairman of the committee is an independent director. During the financial year 2017-18, the committee held 3 (three) meetings. These were held on April 11, 2017, October 13, 2017 & March 06, 2018.

Name of the Director	Dates of meetings and attendance by the members			% of attendance
	April 11, 2017	October 13, 2017	March 06, 2018	
Mr. V.R Kaundinya	YES	YES	YES	100%
Mrs. Madhu Dubhashi	YES	YES	YES	100%
Mr. Bipin Saraf	YES	YES	YES	100%
Mr. Cyril Anand Madireddi	YES	YES	YES	100%

iii) Risk Management Committee - The Risk Management Committee of the Company was constituted on January 11, 2013. As on March 31, 2018, the Risk Management committee comprised of 4 (four) members. During the financial year 2017-18, the committee held 5 (five) meetings. These were held on April 11, 2017, July 13, 2017, October 12, 2017, January 16, 2018 & March 06, 2018.



Name of the Director	Dates of meetings and attendance by the members					% of attendance
	April 11, 2017	July 13, 2017	October 12, 2017	January 16, 2018	March 06, 2018	
Mr. Cyril Anand Madireddi	YES	NO	YES	YES	YES	80%
Mr. K.N. Prithviraj	YES	YES	YES	YES	YES	100%
Mrs. Madhu Dubhashi	YES	YES	YES	YES	YES	100%
Mr. Bipin Saraf	YES	YES	YES	YES	YES	100%

iv) Committee of Directors- As on March 31, 2018, the COD comprised of 4 (four) members. During the financial year 2017-18, the committee held 10 (ten) meetings. These were held on May 17, 2017, June 14, 2017, July 13, 2017, September 12, 2017, October 13, 2017, November 30, 2017, December 19, 2017, January 15, 2018, March 06, 2018 and March 20, 2018.

Name of the Director	Dates of meetings and attendance by the members										% of attendance
	May 17, 2017	June 14, 2017	July 13, 2017	Sept 12, 2017	Oct 13, 2017	Nov 30, 2017	Dec 19, 2017	Jan 15, 2018	Mar 06, 2018	Mar 20, 2018	
Mr. V Srinivasan	YES	NO	YES	YES	YES	YES	YES	YES	YES	YES	90%
Mr. K.N. Prithviraj	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	100%
Mr. Cyril	YES	YES	NO	YES	YES	YES	YES	YES	YES	YES	90%



Anand Madireddi											
Mr. Bipin Saraf	YES	100%									

v) CSR Committee - The CSR Committee was constituted on March 10, 2015. As on March 31, 2018, the committee comprised of 3 (three) members Mrs. Madhu Dubhashi, Mr. Cyril Anand Madireddi and Mr. Bipin Kumar Saraf. During the financial year 2017-18, the committee met twice on October 13, 2017 and March 07, 2018, which was attended by all the members.

vi) IT Strategy Committee: IT Strategy Committee was constituted on July 13, 2017 by the Board of Directors. As on March 31, 2018, the committee comprised of 3 (three) members Mr. V. R. Kaundinya, Mr. Bipin Kumar Saraf, and Mr. Cyril Anand. During the financial year 2017-18, the committee met twice on January 16, 2018 and March 6, 2018 in which all the members were present.

vii) Asset Liability Committee: As on March 31, 2018, the Asset Liability committee comprised of 3 members Mr. Bipin Kumar Saraf, Managing Director and Chief Executive Officer, Mr. Kishore Babu Manda, Chief Operating Officer and Mr. Amith Iyer, Chief Financial Officer of the Company. During the financial year 2017-18, the committee met 12 times on a monthly basis.

viii) Internal Complaints Committee- In terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, ("Sexual Harassment Act") the Board had formulated and adopted a policy on prevention of sexual harassment at work place and takes all necessary measures to ensure a harassment-free workplace and has instituted an Internal Complaints Committee for redressal of complaints and to prevent sexual harassment. The Company believes that all employees, including other individuals who are dealing with the Company have the right to be treated with dignity.

The terms of reference of the Internal Complaints Committee inter-alia includes:

(a) conducting an inquiry into complaints made by any aggrieved at the workplace;



(b) arriving at a conclusion as to whether the allegation against whom the complaint has been filed was proved or not; and

(c) take necessary actions to resolve the complaint(s).

The Board confirm that during the year under review, the Company did not receive any sexual harassment complaints.

ix) Grievance Redressal Committee:

The Grievance Redressal Committee specifically look into the mechanism of redressal of grievances of shareholders, debentures holders and other security holders.

As on March 31, 2018, the Grievance Redressal committee comprised of 2 members Mr. Bipin Kumar Saraf, Managing Director and Chief Executive Officer and Mr. Cyril Anand, Non-executive Director of the Company. During the financial year 2017-18, the committee met once on 7th March, 2018.

c) Policies / Code

In terms of the RBI Regulations, the applicable provisions of the Act and the applicable regulations issued by the Securities and Exchange Board of India, the Board of Directors has adopted several policies/guidelines for the effective governance of the Company which includes the following:

- 1) Fair Practices Code
- 2) Investment Policy
- 3) Guidelines on Know Your Customer and Anti Money Laundering Policy
- 4) Interest Rate Policy
- 5) Asset Liability Management Policy
- 6) "Fit & Proper" Person Criteria
- 7) Whistle Blower Policy / Vigil Mechanism
- 8) Corporate Social Responsibility Policy
- 9) Related Party Transaction Policy
- 10) Credit Risk Management Policy
- 11) Record Retention Policy
- 12) Fraud Prevention & Detection Policy
- 13) Policy for Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace



14) Information Security Policy

15) Remuneration Policy for Directors', Key Managerial Personnel and Employees

19. ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY:

The Financial Statements of the Company has been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act and the guidelines prescribed by the Reserve Bank of India, as applicable.

20. SECRETARIAL STANDARDS:

The Company has complied with the applicable Secretarial Standards viz. SS-1 and SS-2 during the year.

21. AUDITORS

I) Statutory Auditors

In accordance with the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder (the Act), S.R. Batliboi & Co. LLP, Chartered Accountants, Mumbai, (FRN 301003E) were appointed as the Auditors of the Company at the 19th AGM held on July 28, 2014 to hold office till the conclusion of ensuing AGM. S.R. Batliboi & Co. LLP, Chartered Accountants have confirmed their eligibility to act as the statutory auditors of the Company. The Audit Committee and the Board have therefore recommended the re-appointment of S.R. Batliboi & Co. LLP, Chartered Accountants, Mumbai, (FRN 301003E) as the Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting until the Annual General Meeting to be held in FY 2023-24. During the year under review, the statutory auditors have not reported any incident of fraud to the Audit Committee. Further the statutory auditors have not made any reservation or qualification in their Audit Report.

II) Internal Auditors

In terms of provisions of Section 138 of the Act and other applicable laws, M/s ASJ & Company LLP, Chartered Accountants, Mumbai (FRN – 133292W) were the Internal Auditors of the Company for the FY 2017-18. The Internal Audit reports are reviewed by the Audit



Committee on periodic basis. The Internal Auditors have not reported any qualification, reservation or adverse remarks in their report.

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, Practicing Company Secretary, Mumbai to conduct the secretarial audit for the financial year ended March 31, 2018. The Report of the Secretarial Auditor is provided as **Annexure VI** to this Report. There are no qualifications or adverse remarks in the Secretarial Audit Report.

22. 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.

23. CHANGE IN NATURE OF BUSINESS, IF ANY

During FY under review, there was no change in the nature of business of the Company

24. MATERIAL CHANGES, IF ANY, POST FINANCIAL YEAR ENDED MARCH 31, 2018

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.

25. MATERIAL ADVERSE ORDERS, IF ANY

There are no significant and material orders passed by the Reserve Bank of India or the Ministry of Corporate Affairs or Courts or Tribunals or other Regulatory/ Statutory authorities which will have an impact on the going concern status of the Company and Company's operations in future.

26. 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, 2018, 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.

27. ACKNOWLEDGEMENT

The Board wishes to place on record their appreciation for the dedication and hard work put in by the employees of the Company at all levels and the support extended by various stakeholders of the Company. Effective business relationships with regulatory authorities and clients remained good during the year under review.





The Board is also thankful to the Reserve Bank of India and other regulatory authorities for their cooperation, guidance and support extended by them to the Company in its endeavours.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

A handwritten signature in blue ink, appearing to read 'Srinivasan'.

SRINIVASAN VARADARAJAN
CHAIRMAN
DIN: 00033882
Place: Mumbai
Date: 16/04/2018



AXIS FINANCE LIMITED
Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2018

[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:

S. No	Particulars	Details
i)	Corporate Identification Number	U65921MH1995PLC212675
ii)	Registration Date	April 27, 1995
iii)	Name of the Company	Axis Finance Limited
iv)	Category / Sub-Category of the Company	NBFC- Public company limited by shares and having share capital
v)	Address of the Registered office and contact details	Axis House, Ground Floor, Wadia International Centre, P.B. Marg, Worli, Mumbai – 400 025 Maharashtra, IN Tel- 022- 4325 5717 Fax- 022-4325 5732 Email – rajneesh.kumar@axisfinance.in Website – www.axisfinance.co.in
vi)	Whether listed company	Equity Shares: - No Debentures: - Yes, the Non-Convertible Debentures of the Company, issued on private placement basis are listed on BSE
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	KARVY COMPUTERSHARE PVT. LTD. Karvy House, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad- 500 034 Telangana, IN Tel- 040 - 23312454 Fax- 040 - 23311968 Email – 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:

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Credit Granting (Non-Deposit Taking Non-Banking Financial Activity)	64920	100%

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:	L65110GJ1993PLC020769	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.)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.									
e) Banks / FI	41,82,49,950*	50**	41,82,50,000*	100*	48,07,49,950*	50**	48,07,50,000	100*	NIL
f) Any									
Other....									



Sub-total (A) (1):-									
(2) Foreign a) NRIs - Individuals b) Other – Individuals c) Bodies Corp. d) Banks / FI e) Any Other....									
Sub-total (A) (2):-	41,82,49	50**	41,82,50	100*	48,07,49,	50**	48,07,50,	100*	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	,950*		,000		950*		000		
B. Public Shareholding									
1. Institutions									
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)									
Sub-total (B)(1):-									
2. Non- Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital uptoRs. 1 lakh									
ii) Individual shareholders holding									



nominal share capital in excess of Rs 1 lakh c) Others (specify) Sub-total (B)(2):- Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs	NIL			NIL					
Grand Total (A+B+C)	41,82,50,000			48,07,50,000				NIL	

*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.)

ii) Shareholding of Promoters

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Axis Bank Limited	41,82,50,000	100*	NIL	48,07,50,000	100*	NIL	NIL
	Total	418,25,00,00	100*	NIL	480,75,00,00	100*	NIL	NIL

*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)

S. 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	*41,82,50,000	100	* 48,07,50,000	100
1	28-02-2018- Allotment of Equity Shares on Rights basis	6,25,00,000		6,25,00,000	
	At the End of the year	* 48,07,50,000	100	* 48,07,50,000	100

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

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

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
3	*JairamSridharan	Additional Director	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
3	*JairamSridharan**	Additional Director	10	Negligible	10	Negligible



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

*held as a nominee of Axis Bank Limited

**Appointed w.e.f. October 13, 2017

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	11,96,27,39,319	30,70,60,66,144	-	42,66,88,05,463
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	91,52,24,687	11,51,80,854	-	1,03,04,05,541
Total (i+ii+iii)	12,87,79,64,006	30,82,12,46,998	-	43,69,92,11,004
Change in Indebtedness during the financial year				
□ Addition	9,04,28,32,014	2,99,63,42,834	-	12,03,91,74,848
□ Reduction				
Net Change	9,04,28,32,014	2,99,63,42,834	-	12,03,91,74,848
Indebtedness at the end of the financial year				
i) Principal Amount	20,97,09,97,883	33,33,11,89,664	-	54,30,21,87,547
ii) Interest due but not paid	94,97,98,137	48,64,00,168	-	1,43,61,98,305
iii) Interest accrued but not due				
Total (i+ii+iii)	21,92,07,96,020	33,81,75,89,832	-	55,73,83,85,852

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **MR. BIPIN KUMAR SARAF**

S.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	168.68	168.68



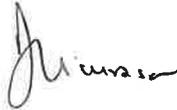
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.22	0.22
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL
2	Stock Option	NIL	NIL
3	Sweat Equity	NIL	NIL
4	Commission as % of profit	NIL	NIL
5	Others, please specify Variable Incentives	Included in point 1 above - part of 17(1) above	Included in point 1 above - part of 17(1) above
	Total (A)	168.90	168.90
	Ceiling as per the Act *5% of the net profit calculated as per Section 198		1476

B. Remuneration to other directors:

S. no.	Particulars of Remuneration	Name of Directors			Total Amount (Rs. In Lacs)
		Mr. V.R Kaundinya	Mrs. MadhuDubhas hi	Mr. K N Prithviraj	
	1. Independent Directors				
	<input type="checkbox"/> Fee for attending board / committee meetings	7.50	11.00	13.50	32.00
	<input type="checkbox"/> Commission	NIL	NIL	NIL	NIL
	<input type="checkbox"/> Others, please specify	NIL	NIL	NIL	NIL
	Total (1)	7.50	11.00	13.50	32.50
	2. Other Non-Executive Directors	NONE			NIL
	<input type="checkbox"/> Fee for attending board /				

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

S.no.	Particulars of Remuneration	Key Managerial Personnel		
		CFO	Company Secretary	Total (Rs. In Lacs)
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	90.28	46.74	137.02
	(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	NIL	NIL	NIL
	Total	90.28	46.74	137.02

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES(Under the Companies Act): NONE
FOR AND ON BEHALF OF BOARD OF DIRECTORS


SRINIVASAN VARADARAJAN
CHAIRMAN
DIN: 00033882
Place: Mumbai
Date: 16/04/2018



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



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	:	<ol style="list-style-type: none"> 1) Rent Paid 2) Bank Charges 3) FD Interest 4) Current Account Balance 5) LOC Account Balance 6) OPE Salary 7) Capital Infusion 8) Interim Dividend Paid 9) Advertisement Exps. Reimbursement 10) OPE Reimbursement 11) Demat A/c Chgs 12) NACH Charges 13) Vehicle 14) IPA Commission Charges Paid 15) Retainership Fees Reimbursement 16) Internal Audit Fees 17) Service Charges other (IT Service Fees) 18) Referral Fees 19) NCD Issue Exps.(ArrangershipFees) 20) Escrow Fees Paid 21) Interest Paid on Line of Credit 22) Processing Fees received 23) Commercial Paper Issued 24) Non - Convertible Debentures 25) Interest Paid on Bank O/d
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 noted at Board Meeting dated 16 th March, 2017.
f)	Amount paid as advances, if any	:	NIL

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

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 noted at Board Meeting dated 16 th March, 2017.
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) DematChgs 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 noted at Board Meeting dated 16 th March, 2017.
f)	Amount paid as advances, if any	:	NIL

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 noted at Board Meeting dated 16 th March, 2017.
f)	Amount paid as advances, if any	:	NIL

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

g)	Name (s) of the related party and nature of relationship	:	Axis Pvt Equity Ltd
h)	Nature of contracts/arrangements/transactions	:	1) Deputation Cost 2) Variable Pay 2017-18
i)	Duration of the contracts / arrangements / transactions	:	



j)	Salient terms of the contracts or arrangements or transactions including the value, if any	:	Refer Financial statements
k)	Date (s) of approval by the Board, if any	:	Transaction at arm's length and in ordinary course of business noted at Board Meeting dated 16 th March, 2017.
l)	Amount paid as advances, if any	:	NIL

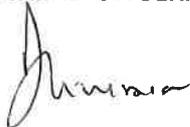
FOR AND ON BEHALF OF BOARD OF DIRECTORS

SRINIVASAN VARADARAJAN
CHAIRMAN
DIN: 00033882
Place: Mumbai
Date: 16/04/2018



DISCLOSURES IN TERMS OF SUB-SECTION 12 OF SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

Sr. No.	Disclosure Requirement	Disclosure Details		
		Name	Title	Ratio
1.	Ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Mr. Bipin Kumar Saraf	MD & CEO	13.02:1
s2.	Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Directors/KMP's	Title	% increase in remuneration
		Mr. Bipin Kumar Saraf	MD & CEO	15%
		Mr. Amith Iyer	Chief Financial Officer	18%
		Mr. Rajneesh Kumar	Company Secretary	12%
3.	Percentage increase in the median remuneration of employees in the financial year	-8 %. The median remuneration declined by 8% as the employee count increased from 48 as on 31 Mar 2017 to 84 as on 31 Mar 2018 and new employee addition are predominantly in the lower and middle management levels.		
4.	Number of permanent employees on the rolls of company	84 permanent employees were on the rolls of the Company as on March 31, 2018		
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in 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 11% and the average remuneration increase for the said managerial personnel of the company was 15% . Remuneration increase is dependent on AFL's performance as a whole, individual performance level and also market benchmarks.		
6.	Affirmation that the remuneration is as per the remuneration policy of the company	The remuneration is as per the Remuneration Policy of the Company.		

FOR AND ON BEHALF OF BOARD OF DIRECTORS


SRINIVASAN VARADARAJAN
CHAIRMAN
DIN: 00033882
Place: Mumbai
Date: 16/04/2018



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.co.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.1,80,19,86,751/-**
4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) – **Rs.3,60,39,735/-**
5. Details of CSR spent during the financial year.
 - (a) Total amount to be spent for the financial year (2017-18); **Rs. 3,60,39,735/-**
 - (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*	Sustainable Livelihood	Local Area	Rs.3,60,39,735	1.Rs. 3,60,39,735 2. Over Heads: NIL	Rs.3,60,39,735	Rs. 3,60,39,735/-
	TOTAL						Rs. 3,60,39,735/-



* 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 the reasons 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

Management Discussion and Analysis

Axis Finance Limited

Axis Finance Limited – An Overview

Axis Finance Limited (AFL) is a non-deposit taking Non-Banking Financial Company (NBFC) that has created a niche for itself by offering relatively nascent products in the wholesale and retail lending space. AFL is a wholly-owned subsidiary of Axis Bank – one of the largest private sector Banks in India. Besides providing requisite growth capital, the strong parentage provides multiple opportunities to AFL. The NBFC business of erstwhile Enam Securities was acquired by Axis Bank and was rechristened Axis Finance Limited in FY 2013-14. In the past five years, AFL has registered good growth with zero bad loans – a commendable feat given the turbulent times faced by the sector in recent years.

AFL extends loans across two key segments – wholesale and retail. In the retail business, AFL's product portfolio comprises majorly of loan against securities, margin trade funding, employee stock option financing, loan against property, IPO financing, etc. In the wholesale lending space, AFL offers sponsor financing, real-estate financing, corporate loans and structured funding, etc.

Economic Review

Macroeconomic Environment

Global growth accelerated during FY 2017-18, with synchronised recovery in the US, eurozone and Japan, and even China appeared to be stabilising. The US was able to pass major tax reform and a fiscal stimulus. Oil prices also rose in the year as OPEC cuts led inventories to be drawn down. Metals inventories fell as well due to stronger demand. Despite inflation remaining persistently below targets, most global central banks have become more hawkish.

India's macro fundamentals, while remaining broadly stable, have deteriorated slightly. With oil prices rising, the tailwinds from falling inflation and a low current account deficit are fading, while the government has raised fiscal deficit targets for both FY 2017-18 and FY 2018-19. Domestic growth appears to be recovering, with disruptions caused by structural reforms now dissipating. The CSO estimated FY 2017-18 growth at 6.6%, and the RBI forecasts FY 2018-19 growth at 7.4%.



However, capex trends still appear weak. Corporate credit growth has improved from the troughs following demonetisation, but this appears to be partially because of working capital financing and reallocation from market instruments, which tightening liquidity has made more expensive to bank credit.

At the first meeting of RBI's Monetary Policy Committee (MPC) in early April, members expressed concerns on upside risks to inflation – slippage in fiscal consolidation, high household inflation expectations, global central bank tightening, higher commodity prices, etc. Despite moderate inflation forecasts, the tone and intent of the monetary policy is quite hawkish.

In the year gone by, the Indian financial services industry witnessed a host of reforms by the Reserve Bank of India (RBI) towards accelerating the pace of bad loan resolution, recapitalising public sector banks and tightening regulations around risk management in the sector (For e.g., higher provisioning requirement and higher disclosures to prevent systemic shocks). These measures are positive and will drive prospects of the Indian Banking and Financial Services industry. Continued strength in credit demand from small and medium enterprises (SMEs), rising demand for affordable housing loans and robust credit demand from retail borrowers were the key factors driving credit growth of NBFCs in FY 2017-18. Retail credit growth for NBFCs is estimated at 16-18% in the fiscal (Source: ICRA) and is likely to remain strong going forward as well.

Prospects for FY 2018-19

The IMF projects global growth prospects to remain firm in the coming year, based inter alia on lower taxes and fiscal expansion in the US, as well as potential eurozone reforms. However, fresh risks include higher oil and metals prices again leading to larger trade imbalances. A potential trade war might escalate. A faster than expected withdrawal of stimulus can still increase market volatility, particularly exchange rates in emerging markets.

Although our base FY 2018-19 CPI inflation projection for India is an average 4.3%, there are many upside risks, including high oil prices, distribution of monsoon, implementation of 7th Pay Commission awards for State Government employees, and steep increase in kharif MSPs. We expect the MPC to remain on extended pause, with rising probability of tightening. Liquidity will be tighter than in FY 2017-18, with long-term rates likely to remain at relatively high levels.

India's growth is expected to improve to 7.4% in FY 2018-19, with much of the increase likely from higher consumption. Investment is expected to remain modest, particularly in H1, but capex spends may gradually revive with expenditure on urban infrastructure and road and



rail projects, renewable energy and affordable housing. Bank credit growth, however, will revive only gradually, since most of the initial capex will be largely Government funded.

Because of these trends, and movements in other emerging market currencies, the rupee is likely to gradually depreciate, with RBI modulating volatility.

According to CRISIL, NBFCs in India are expected to see an 18% compounded annual growth rate (CAGR) for the next two-and-a-half years and raise their share in total credit to 19% by 2020. Continued support from the Government and focus on including the unbanked population in the formal system will be the macro growth enablers for NBFCs.

Business Review:

During FY 2017-18, AFL continued to drive high growth across businesses with a firm eye on profitability. Its total assets under management (AUM) grew 51% to ₹6,624 crore on the back of healthy traction in both wholesale as well as retail AUMs. The retail business has been the focus for the Company and this thrust has resulted in Retail AUM growth of 64% compared to the previous year to ₹1,224 crore, even as wholesale AUM growth remained robust at 48% to ₹5,400 crore. The broad mix of wholesale and retail AUMs on an average asset basis stood at 73% and 27% respectively.

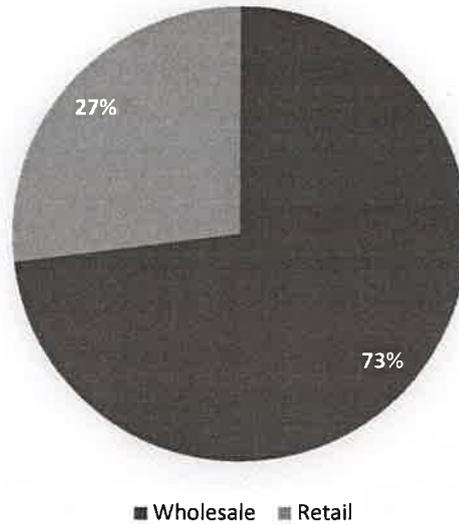
Segment-wise break up of asset book

Rs. Crs

	March 2018	March 2017
Sponsor Financing	1,549	914
Corporate Loans	2,101	1,741
RE Funding	1,750	989
Wholesale – Total	5,400	3,644
Retail	1,224	748
Total	6,624	4,392



Average AUM Mix - FY 18



On the liability side, AFL depends on capital markets and bank funding to meet requirements. In keeping with the short tenor nature of its assets, AFL effectively uses short tenor liability instruments, namely CPs and bank lines to fund these assets. As a strategy, the longer tenor assets are funded using long-term debentures. The Company tries to keep ALM mismatches to the minimum and will continue to use a blend of capital market and bank funding to meet its liability requirements.

Strategy

Axis Finance has come a long way since inception, with knowledge, research and innovation being the key drivers for the Company's growth. We believe that we must add significant value by providing cutting edge products and services by focusing on five key vectors in our journey – people management, cost and risk management, technology, customer experience and innovation. Over the years, Axis Finance has also demonstrated its ability to reinvent itself at the turn of each economic and business cycle. This element of adaptability and flexibility ensures that businesses spot opportunities, deal with dynamic economic situations and are ready to leverage knowledge, experience and professionalism in dealing with new prospects.

Going forward, AFL will continue to grow its existing businesses and is also looking to venture into newer, relatively untapped niche business areas. It aims to become a more diversified NBFC and will continue to drive responsible growth across its businesses.



Operational Highlights

- The overall book growth for AFL stands at an impressive 51%, with retail loans contributing to 18% of its AUM on a year-end basis.
- The total income and PAT have registered growth of 27% and 26% respectively
- AFL is now present in 13 locations compared to 8 in the preceding year. The Company will continue to open branches where client interface is required. Given that processing of transactions is centralised at AFL, these centres operate largely as origination centres
- AFL has one of the lowest cost-to-income ratios in the industry and the trend is likely to continue
- The Company continued to have zero NPAs both on Gross and Net basis
- With a strong credit rating of AAA & A1+ (CRISIL & India Ratings) on standalone basis, AFL is one of the lowest-cost fundraisers in the industry
- Capital Adequacy Ratio (CAR) stood at 23.8% for FY 2017-18 , further the parent has infused ₹125 crore in AFL in the last quarter of the year

Regulatory Requirement – Minimum CAR of 15%



Financial Review

AFL registered strong growth in interest income as well as in fee income in the year

- Profit after Tax (PAT) of the Company has grown by 27% to ₹209 crore on the back of strong top-line growth coupled with a tight check on operating expenses
- Healthy momentum in revenues and earnings rubbed off favourably on the Company's return ratios – which are among the best in the industry
- The management expects the growth momentum to continue in the ongoing fiscal year as well

Period	31-03-2018	31-03-2017
Closing AUM	6,624	4,392
Average AUM	5,271	3,526
Interest Income	614	471
Fee Income	86	60
Other Income	22	44
Total Income	722	575
Borrowing Expenses	364	295
Admin Expenses	27	22
Provisioning	9	5
Total Expenses	401	322
Profit Before Tax	321	253
Profit after Tax	209	165

Key Ratios

Particulars	FY18
RoE	21.8%
CAR	23.76%
RoA	3.77%
NIM	4.83%
Gross NPA%	Nil



Risk Management

Overall Lending Policy	<ul style="list-style-type: none"> • Centralised credit decision-making • Thorough in-principle due diligence of proposals received • Committee-based sanctioning process • Exposures above ₹50 crore sanctioned by Committee of Directors comprising 4 Directors (including 1 Independent Director)
Operational Risk Policies	<ul style="list-style-type: none"> • Exposure to different geographies capped at threshold levels and reviewed on annual basis • Product-level exposure guardrails are in place • Proactive review of the product-level guardrails • Real-Time Risk Monitoring of LAS Portfolio
Liquidity Risk Policies	<ul style="list-style-type: none"> • AFL has sanctioned bank lines to be used as a liquidity back up in contingencies • As a policy, the Company maintains unutilised bank lines for an amount equal to the liabilities maturing on a rolling 30-day basis • ALM gaps are monitored by the ALCO and the limits for the same within the regulatory thresholds

Information Technology

New technological platforms act as growth enablers and allow the Company to implement stringent risk management processes. AFL has continuously invested in procuring the latest technologies to meet the requirements of business, risk and productivity. AFL endeavors to upgrade technological processes constantly and believes IT initiatives will play a crucial role in fueling growth. AFL has also developed a Disaster Recovery Data Centre to ensure business



continuity. The Company will continue to make further investments in IT systems to increase overall efficiency and customer satisfaction.

Internal Control Systems

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 mandatory returns and statements in time. AFL has implemented a robust framework of internal controls that include precise delegation of authority and Standard Operating Processes that are available in all business segments and functions. The Company follows the 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 Assets

AFL offers its employees a dynamic and rewarding work culture, with the constant endeavour to drive innovation and entrepreneurship. At AFL, human assets are of utmost importance given the fast evolving and high growth industry it operates in. Nurturing people is a key organisational goal and leadership mandate. The Company undertakes various employment engagement initiatives and regular reviews to attain a fine balance between performance and commensurate rewards to the employees. Training and employee motivation is an integral part of AFL's policy. At the end of the year, the total employee strength stood at 84.

Cautionary Statement

Certain statements in this report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities, laws and regulations. Although the expectations are based on reasonable assumptions, the actual results could materially differ from those expressed or implied.



AJAY V. MEHTA
COMPANY SECRETARY

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

Date: 14th April, 2018

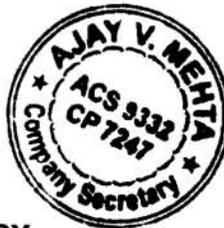
To,
The Members,
Axis Finance Limited
Mumbai

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records 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 check 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 check 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.

Aj V Mehta

AJAY V. MEHTA
PRACTISING 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 Kapol Niwas, 2nd Floor, Haveli Compound, M. G. Road, Ghatkopar (E), Mumbai 400 077
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Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2018

[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 31st March, 2018 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:

A) 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 31st March, 2018 according to the provisions of:

- (1) The Companies Act, 2013 (the Act) & the rules made there under ;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there-under;

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AJAY V. MEHTA

COMPANY SECRETARY

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(4) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-

(a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(b) 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;

(c) The Securities and Exchange Board of India (Issue and Listing Debt Securities) Regulations, 2008;

(d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(5) Based on the nature of business activities of the Company, the following specific Acts / Laws / Rules / Regulations are applicable to the Company:

- a. The Reserve Bank of India (Department of Non-Banking Supervision) Non Banking Financial (ND SI) Companies Prudential Norms (Reserve Bank) Directions;
- b. Prevention of Money Laundering Act, 2002;
- c. The Information Technology Act, 2000;
- d. The Indian Stamp Act, 1899 and respective concerned State Stamp Act;
- e. Labour Laws, to the extent applicable.

B) I have also examined compliance with the Secretarial Standards for Board Meetings (SS - 1) and for General Meetings (SS - 2).

It may please be noted that, the compliance of applicable financial laws including Direct and Indirect Tax Laws; maintenance of Financial Records and Books of Accounts etc. by the Company has not been reviewed by me for the purpose of this Audit since the same has been subject matter of review by the Statutory Auditors and / or other designated professionals. Further, I have also relied upon the certificates / reports, as the case may be, issued by the Statutory Auditors and / or other designated professionals, wherever applicable.



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During the period under audit, 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 (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;
- (iii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009;
- (iv) The Securities and Exchange Board of India (Buyback of Securities) Regulations 1998.
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder as there was no instance / transaction / business attracting the compliance thereof.

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.



Contd...4

AJAY V. MEHTA

COMPANY SECRETARY

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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 : 14th April, 2018.

Ajaya -



AJAY V. MEHTA
PRACTISING COMPANY SECRETARY
A.C.S.9332 C.P.7247

AJAY V. MEHTA

COMPANY SECRETARY

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Annexure I

List of Specific Events and Actions for FY 2017-18:

- A)** Special Resolutions passed at the AGM held on 13.07.2017 w.r.t
- Increasing the Borrowing Powers of the Company to Rs.18,200 Crores over and above the Paid up Share Capital and Free Reserves of the Company.
 - Creation of Charges on the Movable and Immovable properties of the Company, both Present and Future, in respect of the Borrowings.
 - Issue of Non-convertible Debentures (NCDs) on a Private Placement basis including bonds qualifying for Tier I and II capital for an aggregate amount not exceeding Rs. 2,800 Crores.
- B)** Special Resolutions passed at the EGM held on 18.12.2017 w.r.t.
- Adoption of New Set of Articles of Association of the Company.
 - Issue of Perpetual Debt Instruments (PDI) on a Private Placement basis in the form of Unsecured, Subordinated, Listed / Unlisted, Non-Convertible Debentures upto Rs.125 Crores.
- C)** Issue of 6,25,00,000 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 16.01.2018.
- D)** Allotment of 6,25,00,000 Equity Shares of Rs.10/- each at a premium of Rs.10/- per share on Rights basis on 28.02.2018.
- E)** Appointment of Mr. Jairam Ramamurthy Sridharan as Additional Director (Non-Executive) of the Company w.e.f 13th October, 2017.
- F)** Revision in remuneration of Mr. Bipin Saraf (DIN: 06416744) as Managing Director and CEO of the Company w.e.f 01.04.2017. (Approval of the Board at BM held on 11.04.2017 and approval of the Members at the AGM held on 13.07.2017.)
- G)** In Principle Approval to the Scheme of Merger/ Amalgamation between Axis Private Equity Limited and Axis Finance Limited by the Board at its meeting held on 13.07.2017.
- H)** Declaration of the Interim Dividend:
- First Interim Dividend of Rs. 92,43,32,500/- for F.Y. 2017-18 was declared at the Board Meeting held on 18th December, 2017 & amount was deposited in a separate bank account on 20th December, 2017 and paid on the same date.

Contd 2.



AJAY V. MEHTA

COMPANY SECRETARY

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ii) Second Interim Dividend of Rs. 28,84,50,000/- for F.Y. 2017-18 was declared at the Board Meeting held on 7th March, 2018 & amount was deposited in a separate bank account on 9th March, 2018 and was paid on the same date.

I) Execution of Debenture Trust Deed on 26.03.2018 for issue of Debentures to the extent of Rs.1000 Crores.

J) Allotment of Debentures:

i) 1,125 Secured Redeemable Non-Convertible Debentures of Rs.10,00,000/- each on 07/04/2017.

ii) 2,000 Subordinated Unsecured Redeemable (Tier II) Non-Convertible Debentures of Rs.10,00,000/- each on 11/05/2017.

iii) 1,000 Subordinated Unsecured Redeemable (Tier II) Non-Convertible Debentures of Rs.10,00,000/- each on 14/09/2017.

iv) 2,000 Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each on 09/01/2018.

v) 1,160 Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each on 31/01/2018.

vi) 1,250 Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each on 20/02/2018.

vii) 450 Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each on 26/02/2018.

viii) 2,000 Secured Redeemable Non-Convertible Debentures of Rs. 10,00,000/- each on 28/03/2018.



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, 2018, 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

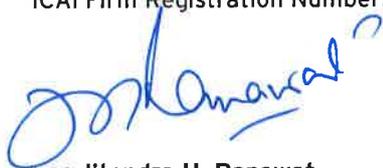
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, 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:
 - (a) 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, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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



per **Jitendra H. Ranawat**
Partner
Membership Number: 103380
Place of Signature: Mumbai
Date: 16 April 2018



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 situation of fixed assets.
 - (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
 - (c) According to the information and explanations given by the management, the title deeds of immovable properties, included in property, plant and equipment 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 explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the 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, goods and service tax, sales-tax, service tax, value added tax, cess and other statutory dues applicable to it. The provision relating to employee's state insurance, sales tax, custom duty, excise duty and value added tax are currently not applicable to the Company.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, goods and service tax, service tax, and other statutory dues applicable to it were outstanding, at the year end, for a period of more than six months from the date they became payable. The provision relating to employee's state insurance, sales tax, custom duty, excise duty and value added tax are currently not applicable to the Company.



- (c) According to the information and explanations given to us, there are no dues of income-tax, goods and service tax, service tax, value added tax and cess which have not been deposited on account of dispute. The provision relating to employee's state insurance, sales tax, custom duty, excise duty and value added tax are currently not applicable to the Company.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments in the nature of commercial papers, 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 Company or no fraud on the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of 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 and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, we report that the Company has been registered as required, under the provisions of 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 of Signature: Mumbai
Date: 16 April 2018



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, 2018 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 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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per **Jitendra H. Ranawat**
Partner
Membership Number: 103380
Place of Signature: Mumbai
Date: 16 April 2018



AXIS FINANCE LIMITED

BALANCE SHEET AS AT 31 MARCH 2018

		Amount In ₹	
	Note No.	As at 31 March 2018	As at 31 March 2017
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share capital	3	4,80,75,00,000	4,18,25,00,000
Reserves and surplus	4	5,83,88,87,719	4,58,12,77,593
		10,64,63,87,719	8,76,37,77,593
Non Current Liabilities			
Long term borrowings	5	14,05,94,40,300	6,45,00,00,000
Other Non current liabilities	7	28,09,00,502	67,58,62,184
Long term provisions	8	8,78,16,305	8,40,07,375
		14,42,81,57,107	7,20,98,69,559
Current Liabilities			
Short term borrowings	6	36,84,27,47,248	34,21,48,05,463
Other current liabilities	7	4,60,67,34,389	2,42,75,47,497
Short term provisions	8	24,10,72,243	13,96,14,330
		41,69,05,53,880	36,78,19,67,290
Total		66,76,50,98,706	52,75,56,14,442
ASSETS			
Non Current Assets			
Fixed assets	9		
Property, Plant & Equipment		87,56,478	49,47,822
Intangible assets		1,46,30,281	1,25,07,411
Capital work-in-progress		1,09,84,921	88,32,985
		3,43,71,680	2,62,88,218
Deferred tax asset(net)		9,03,65,527	5,84,83,318
Non current investments	10	-	1,00,00,00,000
Long term loans and advances			
a. Loans	11	21,12,77,81,040	20,92,71,48,554
b. Others	12	17,09,11,870	9,76,43,436
Other Non current assets	13.2	1,41,60,180	1,15,72,603
		21,43,75,90,297	22,12,11,36,129
Current assets			
Current investments	10	-	2,80,00,00,000
Trade receivables	13.1	8,97,44,646	4,22,92,284
Cash and bank balances	14	2,13,20,801	5,65,09,17,425
Short term loans and advances			
a. Loans	11	45,11,00,90,991	21,99,28,34,389
b. Others	12	51,93,286	60,13,250
Other current assets	13.2	10,11,58,685	14,24,20,965
		45,32,75,08,409	30,63,44,78,313
Total		66,76,50,98,706	52,75,56,14,442

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 16, 2018

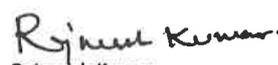
For and on behalf of the board of Axis Finance Limited


Srinivasan Varadarajan
Chairman
DIN No : 00033882


Bipin Kumar Saraf
Managing Director
DIN No : 06416744




Amith Iyer
Chief Financial Officer


Rajneesh Kumar
Company Secretary
Membership No: A31230



AXIS FINANCE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

		Amount In ₹	
	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
Income			
Revenue from operations	15	7,21,50,23,636	5,75,40,07,558
Other income	16	-	32,571
Total income	(A)	7,21,50,23,636	5,75,40,40,129
Expenses			
Employee benefit expense	17	14,93,44,601	12,42,49,296
Finance costs	18	3,64,27,26,820	2,95,11,49,521
Provisions and write off	19	9,33,39,702	4,54,95,277
Other expenses	20	11,69,57,064	9,48,40,343
Depreciation and amortization expense	21	74,63,465	52,51,854
Total expenses	(B)	4,00,98,31,652	3,22,09,86,291
Profit before tax	(C) = (A)-(B)	3,20,51,91,984	2,53,30,53,838
Tax expense:			
Current tax		1,14,35,37,583	89,58,94,064
Deferred tax		(3,18,82,209)	(1,54,54,301)
Profit for the year		2,09,35,36,610	1,65,26,14,075
Earnings per equity share (Face Value Rs. 10 per share)			
Basic		4.94	4.07
Computed on the basis of total profit for the year			
Diluted		4.94	4.07
Computed on the basis of total profit for the year			

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 16, 2018



For and on behalf of the board of Axis Finance Limited



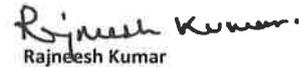
Srinivasan Varadarajan
Chairman
DIN No : 00033882



Amlith Iyer
Chief Financial Officer



Bipin Kumar Saraf
Managing Director
DIN No : 06416744

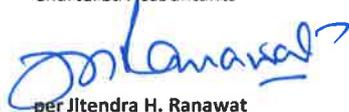
Rajneesh Kumar
Company Secretary
Membership No: A31230

AXIS FINANCE LIMITED
Cash flow statement for the year ended 31 March 2018

	For the year ended 31 March 2018	For the Year ended 31 March 2017
Amount In ₹		
A. Cash flow from operating activities		
Profit before tax	3,20,51,91,984	2,53,30,53,838
Adjustments for:		
Depreciation	74,63,465	52,51,854
Profit on sale of investment	(21,55,90,587)	(43,70,84,301)
Provision against standard assets	9,33,39,702	4,54,95,277
Interest on debentures	(6,18,08,219)	(56,53,345)
Operating profit before working capital changes	3,02,85,96,345	2,14,10,63,323
Movement in working capital:		
Decrease/(increase) in long term loan & advances	(20,25,60,121)	(11,42,65,51,704)
Decrease/(increase) in short term loan & advances	(23,11,64,36,638)	(45,91,07,483)
Decrease/(increase) in trade receivables	(4,74,52,362)	(4,22,92,284)
Decrease/(increase) in other current assets	4,12,62,280	(3,61,15,776)
Decrease/(increase) in other non current assets	(25,87,578)	89,53,315
Increase/(decrease) in short term provisions	89,20,741	3,67,13,633
Increase/(decrease) in other current liabilities	38,82,25,210	70,64,51,154
Increase/(decrease) in Long term provisions	30,06,400	(7,64,677)
Cash generated from operations	(19,89,90,25,723)	(9,07,16,50,499)
Income tax paid	(1,21,48,78,383)	(96,14,69,755)
Net cash flow from operating activities (A)	(21,11,39,04,106)	(10,03,31,20,254)
B. Cash flow from investing activities		
Interest received on NCD	6,18,08,220	56,53,345
Purchase of fixed assets	(68,10,698)	(28,12,927)
Payment for Intangibles	(87,36,230)	(1,02,63,273)
Proceeds from sale of investment	4,88,45,30,05,080	10,47,04,71,56,442
Deposit withdrawal	-	65,00,000
Purchase of investment	(4,84,43,74,14,492)	(10,47,99,83,15,280)
Net cash flow from investing activities(B)	4,06,18,51,880	(95,20,81,693)
C. Cash flow from financing activities		
Proceeds from borrowings (net of repayment)	11,63,33,82,086	16,77,83,70,496
Proceed from issue of shares (net of issue expenses)	1,24,87,50,000	99,90,00,000
payment of dividend	(1,45,96,76,484)	(1,14,27,08,601)
Net cash flow from financing activities(C)	11,42,24,55,602	16,63,46,61,895
Net increase/(decrease) in cash and equivalents(A+B+C)	(5,62,95,96,624)	5,64,94,59,948
Cash and cash equivalents at the beginning of the year	5,65,09,17,425	14,57,477
Cash and cash equivalents at the end of the year	2,13,20,801	5,65,09,17,425

Note:	31 March 2018	31 March 2017
Cash and cash equivalents includes:		
Cash	5,192	13,271
Balance with banks	2,13,15,609	5,65,09,04,154
Bank Overdraft		
	2,13,20,801	5,65,09,17,425

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 16, 2018

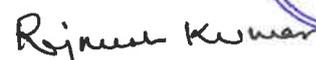


For and on behalf of the board of Axis Finance Limited


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



3. Share capital

	31 March 2018	31 March 2017
	₹	₹
Authorized:		
1,00,00,00,000 (31 March 2017: 1,00,00,00,000) equity shares of ₹10/- each	10,00,00,00,000	10,00,00,00,000
	<u>10,00,00,00,000</u>	<u>10,00,00,00,000</u>
Issued, subscribed and fully paid-up:		
48,07,50,000 (31 March 2017: 41,82,50,000) equity shares of ₹10/- each	4,80,75,00,000	4,18,25,00,000
	<u>4,80,75,00,000</u>	<u>4,18,25,00,000</u>

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

	31 March 2018		31 March 2017	
	No.	₹	No.	₹
At the beginning of the year	41,82,50,000	4,18,25,00,000	36,82,50,000	3,68,25,00,000
Issued during the year	6,25,00,000	62,50,00,000	5,00,00,000	50,00,00,000
Outstanding at the end of the year	<u>48,07,50,000</u>	<u>4,80,75,00,000</u>	<u>41,82,50,000</u>	<u>4,18,25,00,000</u>

(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	31 March 2018	31 March 2017
	₹	₹
Axis Bank Limited, the holding Company and its nominees		
48,07,50,000 (31 March 2017: 41,82,50,000) equity shares of ₹ 10/- each	4,80,75,00,000	4,18,25,00,000

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

Name of shareholder	31 March 2018		31 March 2017	
	No.	% of holding	No.	% of holding
Equity shares of ₹ 10 each fully paid				
Axis Bank Limited, the holding Company and its nominees	48,07,50,000	100%	41,82,50,000	100%

4. Reserves and surplus

	31 March 2018	31 March 2017
	₹	₹
Security premium reserve		
Balance as per last Balance Sheet	2,19,80,00,000	1,69,90,00,000
Add:- Addition during the year	62,50,00,000	50,00,00,000
Less:- Utilization during the year against share issue expense	(12,50,000)	(10,00,000)
Balance at the end of the year	<u>2,82,17,50,000</u>	<u>2,19,80,00,000</u>
Statutory reserve u/s 45-IC of RBI Act		
Balance as per last Balance Sheet	85,67,00,000	52,61,00,000
Add:- Addition during the year	41,88,00,000	33,06,00,000
Balance at the end of the year	<u>1,27,55,00,000</u>	<u>85,67,00,000</u>
Surplus in the statement of profit and loss		
Balance as per last Balance Sheet	1,52,65,77,593	1,34,72,72,119
Profit for the year	2,09,95,36,610	1,65,26,14,075
Less:-	(1,21,27,82,500)	(94,94,27,500)
- 1st Interim dividend : ₹ 2.21 per share (31 March 2017 : ₹ 2.27 per share)		
- 2nd Interim dividend : ₹ 0.60 per share (31 March 2017 : NIL)		
Less:-Dividend distribution tax on Interim dividend	(24,68,93,984)	(19,32,81,101)
Less:-Transfer to statutory reserve	(41,88,00,000)	(33,06,00,000)
Balance at the end of the year	<u>1,74,16,37,719</u>	<u>1,52,65,77,593</u>
Total	<u>5,83,88,87,719</u>	<u>4,58,12,77,593</u>

5. Long term borrowings

	Non-current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹	₹	₹	₹
Non Convertible Debentures :				
Secured	9,05,94,40,300	4,45,00,00,000	3,40,00,00,000	2,00,40,00,000
Unsecured Subordinated Debts	5,00,00,00,000	2,00,00,00,000	-	-
Total	<u>14,05,94,40,300</u>	<u>6,45,00,00,000</u>	<u>3,40,00,00,000</u>	<u>2,00,40,00,000</u>

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.



Amitkay *Rajeev*

b. Particulars of Secured non convertible debentures

Particulars	Face Value	Quantity	Maturity date	31 March 2018	31 March 2017
Zero% AFL, 20th November 2017	10,00,000	500	November 20, 2017	-	50,00,00,000
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
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
Zero% AFL, 2nd May 2017	10,00,000	384	May 02, 2017	-	38,40,00,000
Zero% AFL, 10th April 2017	10,00,000	170	April 10, 2017	-	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
Zero % AFL, 05th October 2018	10,00,000	70	Oct 05, 2018	7,00,00,000	7,00,00,000
Zero % AFL, 23rd October 2018	10,00,000	420	Oct 23, 2018	42,00,00,000	42,00,00,000
Zero % AFL, 29th October 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
8.85% AFL, 29th January 2019	10,00,000	100	Jan 29, 2019	10,00,00,000	10,00,00,000
ZERO % AFL, 25th March 2019	10,00,000	1500	Mar 25, 2019	1,50,00,00,000	1,50,00,00,000
Zero % AFL, 15th January 2019	10,00,000	50	Jan 15, 2019	5,00,00,000	5,00,00,000
8.79%AFL, 9th April 2019	10,00,000	500	Apr 9, 2019	50,00,00,000	50,00,00,000
Zero % AFL, 19th July 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, 17th May 2018	10,00,000	100	May 17, 2018	10,00,00,000	10,00,00,000
Zero% AFL, 27th August 2019	10,00,000	50	Aug 27, 2019	5,00,00,000	5,00,00,000
Zero% AFL, 24th September 2019	10,00,000	50	Sep 24, 2019	5,00,00,000	5,00,00,000
Zero% AFL, 26th December 2019	10,00,000	150	Dec 26, 2019	15,00,00,000	15,00,00,000
7.80% Afl, 27th March 2020	10,00,000	1000	Mar 27, 2020	1,00,00,00,000	-
Zero% Afl, 26th May 2020	10,00,000	125	May 26, 2020	12,50,00,000	-
7.942%AFL, 7th April 2021	10,00,000	100	April 07, 2021	10,00,00,000	-
Zero%AFL, 10th May 2021	10,00,000	500	May 10, 2021	50,00,00,000	-
Zero%AFL, 7th April 2021	10,00,000	1400	April 07, 2021	1,40,00,00,000	-
Zero%AFL, 12th April 2021	10,00,000	410	April 12, 2021	41,00,00,000	-
Zero%AFL, 27th April 2021	10,00,000	750	April 27, 2021	75,00,00,000	-
Zero% Afl, 16th April 2021	10,00,000	500	April 16, 2021	50,00,00,000	-
Zero% Afl, 27th April 2021	10,00,000	250	April 27, 2021	25,05,49,750	-
Zero% Afl, 27th May 2021	10,00,000	500	May 27, 2021	50,00,00,000	-
Zero%AFL, 12th April 2021	10,00,000	250	April 12, 2021	25,08,79,250	-
Zero%AFL, 7th April 2021	10,00,000	200	April 07, 2021	20,08,61,800	-
Zero%AFL, 27th April 2021	10,00,000	800	April 27, 2021	80,86,70,400	-
Zero%AFL, 10th May 2021	10,00,000	700	May 10, 2021	70,80,52,100	-
Zero%AFL, 12th April 2021	10,00,000	500	April 12, 2021	50,54,27,000	-
Total				12,45,94,40,300	6,45,40,00,000

c. Particulars of Unsecured non convertible debentures

Particulars	Face Value	Quantity	Maturity date	31 March 2018	31 March 2017
8.80% AFL, 05th August 2026	10,00,000	2000	Aug 05, 2026	2,00,00,00,000	2,00,00,00,000
8.50%AFL, 11th May 2027	10,00,000	2000	May 11, 2027	2,00,00,00,000	-
8.08% Afl, 14th September 2027	10,00,000	1000	Sep 14, 2027	1,00,00,00,000	-
Total				5,00,00,00,000	2,00,00,00,000

The above Non Convertible Debentures are classified as under:

	31 March 2018	31 March 2017
Non-current long term borrowings	14,05,94,40,300	6,45,00,00,000
Current maturities of long term borrowings	3,40,00,00,000	2,00,40,00,000
Total	17,45,94,40,300	8,45,40,00,000

Total Secured & Unsecured Non Convertible Debentures

17,45,94,40,300 **8,45,40,00,000**

6. Short term borrowings

	31 March 2018	31 March 2017
Secured		
Overdraft from banks	8,51,15,57,584	5,50,87,39,319
Unsecured		
Overdraft from holding company 'Axis Bank Ltd'	8,43,03,24,154	-
Unsecured commercial paper	20,10,00,00,000	29,05,00,00,000
Less: Unexpired Discount	(19,91,34,490)	(34,39,33,856)
Total	36,84,27,47,248	34,21,48,05,463

Short term overdraft amount to Rs. 8,51,15,57,584 (previous year Rs.5,50,87,39,319) 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 @ 8.15% to 8.75%

Unsecured short term overdraft carry interest @8.15% from holding company 'Axis Bank Ltd' amount to Rs. 8,43,03,24,154 (previous year NIL)

Unsecured commercial paper carry interest @ 7.00% to 7.92%. In respect of commercial paper, maximum amount outstanding during the year was Rs.46,72,43,83,019(previous year Rs.53,96,27,53,914).

7. Other Liabilities

	Non current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Current maturities of long term borrowings	-	-	3,40,00,00,000	2,00,40,00,000
Interest accrued but not due	28,09,00,502	67,58,62,184	1,15,52,97,803	35,45,43,357
Creditors for expenses				
-Due to holding company 'Axis Bank Limited'	-	-	73,354	4,44,150
-Due to others	-	-	2,04,10,278	6,71,76,895
-Undisputed statutory dues	-	-	3,09,52,954	13,83,095
Total	28,09,00,502	67,58,62,184	4,60,67,34,389	2,42,75,47,497

8. Provisions

	Non current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Provision against standard assets	8,45,11,124	8,37,08,594	18,05,65,614	8,80,28,442
Provision for expenses	-	-	1,34,16,440	85,15,137
Provision for employee benefits				
-Provision for compensated absences	33,05,181	2,98,781	8,39,148	12,49,781
-Provision for gratuity	-	-	12,51,041	7,20,670
-Provision for variable pay	-	-	4,50,00,000	4,00,00,000
Total	8,78,16,305	8,40,07,375	24,10,72,243	13,96,14,330



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10. Investment

	Non current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹	₹	₹	₹
Investment in debenture/bonds (valued at cost unless stated otherwise)				
<u>Quoted</u>	-	-	-	-
<u>Unquoted</u>				
1000 (Previous year NIL) 11.28% Reliance Big Entertainment Pvt Ltd 2019 (redeemable on 26 April 2019)	-	1,00,00,000	-	-
Investment in Mutual funds (valued at lower of cost or market value)				
<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
Total	-	1,00,00,00,000	-	2,80,00,00,000

- Aggregate amount of quoted investment at market value NIL (Previous year NIL).
- Aggregate amount of unquoted investments at cost NIL (Previous year ₹ 3,80,00,00,000).

11. Loans

	Non current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹	₹	₹	₹
Secured loans**	20,12,12,10,812	20,92,71,48,554	42,67,27,70,327	19,88,52,29,368
Unsecured loans	1,00,65,70,228	-	2,43,73,20,664	2,10,76,05,021
Total	21,12,77,81,040	20,92,71,48,554	45,11,00,90,991	21,99,28,34,389

**Loans to the extent of ₹ 62,79,39,81,138 (previous year ₹ 40,81,23,77,922) are secured by:

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

The classification of loans under RBI guidelines is as under:

	31 March 2018	31 March 2017
	₹	₹
(i) Standard assets	66,23,78,72,031	42,91,99,82,943
(ii) Sub-standard assets	-	-
(iii) Doubtful assets	-	-
(iv) Loss assets	-	-
Total	66,23,78,72,031	42,91,99,82,943

12. Others

	Non-current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹	₹	₹	₹
Other loans and advances				
Advance tax (net of provision for tax)	16,89,84,235	9,76,43,436	-	-
Prepaid expenses	19,27,635	-	47,49,157	35,42,364
Input tax credit on GST & Service tax	-	-	4,44,129	24,70,886
Other advances	-	-	-	-
Total	17,09,11,870	9,76,43,436	51,93,286	60,13,250

13. Trade receivables and other assets

13.1 Trade receivables

	Non-current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹	₹	₹	₹
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment	-	-	-	-
Unsecured, considered good	-	-	-	-
Doubtful	-	-	-	-
Provision for doubtful receivables	-	-	-	-
Outstanding for a period less than six months from the date they are due for payment				
Unsecured, considered good :				
- Due from holding company 'Axis Bank Ltd'	-	-	61,99,060	4,20,22,764
- Due from fellow subsidiary company 'Axis Private Equity'	-	-	8,00,000	-
- Due from fellow subsidiary company 'Axis Securities Ltd'	-	-	5,89,85,586	-
- Due from others	-	-	2,37,60,000	2,69,520
	-	-	8,97,44,646	4,22,92,284
Doubtful	-	-	-	-
Provision for doubtful receivables	-	-	-	-
Total (A)	-	-	8,97,44,646	4,22,92,284
Total (A) + (B)	-	-	8,97,44,646	4,22,92,284

13.2 Other assets

	Non-current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹	₹	₹	₹
Interest accrued but not due on loans & advances	1,41,60,180	1,15,72,603	10,11,58,685	3,56,41,574
Interest accrued but not due on others	-	-	-	10,67,79,391
Total	1,41,60,180	1,15,72,603	10,11,58,685	14,24,20,965



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14. Cash and bank balances

	Non-current		Current	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	₹	₹	₹	₹
Cash and cash equivalents:				
- Cash on hand	-	-	5,192	13,271
Balances with banks:				
- On current accounts	-	-	2,11,12,537	5,59,92,10,088
- On overdraft accounts	-	-	2,03,072	5,16,94,066
- Deposits with original maturity for less than 3 months	-	-	-	-
A	-	-	2,13,20,801	5,65,09,17,425
Other bank balances				
- 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	-	-	-	-
Total	-	-	2,13,20,801	5,65,09,17,425

15. Revenue from operations

	For the year ended 31 March 2018	For the year ended 31 March 2017
	₹	₹
Interest Income		
Interest income on loans & advances	6,07,22,48,259	4,48,71,20,516
Interest income on investments	6,98,43,287	22,69,22,341
Other operating revenue		
Income from processing fees	83,78,60,514	59,76,69,783
Income from advisory fees	1,94,45,380	52,09,067
Profit on sale of investments	21,55,90,587	43,70,85,851
Other revenue	35,609	-
Total	7,21,50,23,636	5,75,40,07,558

16. Other income

	For the year ended 31 March 2018	For the year ended 31 March 2017
	₹	₹
Profit on sale of Vehicle	-	32,571
Total	-	32,571

17. Employee benefits expense

	For the year ended 31 March 2018	For the year ended 31 March 2017
	₹	₹
Salaries, Wages and Bonus	14,08,24,340	11,91,73,963
Contribution to provident & other funds	42,27,305	26,33,334
Contribution & Gratuity expense	22,21,667	6,15,637
Staff welfare	20,71,289	18,26,362
Total	14,93,44,601	12,42,49,296

18. Finance costs

	For the year ended 31 March 2018	For the year ended 31 March 2017
	₹	₹
Interest on loan from bank and other financial institutions	3,60,50,52,488	2,91,00,48,562
Other finance expenses	3,76,74,332	4,11,00,959
Total	3,64,27,26,820	2,95,11,49,521

19. Provisions and write off

	For the year ended 31 March 2018	For the year ended 31 March 2017
	₹	₹
Provision against standard assets	9,33,39,702	4,54,95,277
Total	9,33,39,702	4,54,95,277

20. Other expenses

	For the year ended 31 March 2018	For the year ended 31 March 2017
	₹	₹
Rent, Rates and Taxes	1,06,48,692	98,76,579
Electricity expenses	10,31,740	9,31,129
Repairs and maintenance - others	40,63,887	11,95,957
Printing and stationery	8,30,891	7,48,322
Travelling and conveyance	1,16,64,337	1,53,07,252
Professional fees	2,25,20,456	2,34,87,462
CSR expenditure	3,60,39,735	2,25,20,176
Director sitting fees	32,00,000	26,00,000
Auditor Remuneration:		
Statutory audit & Limited review		24,00,000
Statutory audit certification fee		3,00,000
Telephone and internet expenses	18,33,998	21,87,824
Business promotion	28,16,449	21,68,351
Rates & taxes	5,94,081	6,40,012
Service charges	26,86,234	16,07,772
Office expenses	21,12,259	17,01,912
Service Tax & GST Expense out (50% of input credit)	61,08,486	13,46,438
Subscription Exps	15,06,211	10,16,478
Miscellaneous expenses	68,99,608	52,54,678
Total	11,69,57,064	9,48,40,343

21. Depreciation and amortization expense

	For the year ended 31 March 2018	For the year ended 31 March 2017
	₹	₹
Property, Plant & Equipment	30,02,041	18,61,567
Intangible assets	44,61,424	33,90,287
Total	74,63,465	52,51,854



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AXIS FINANCE LIMITED

Notes forming part of financial statements for the year ended March 31, 2018

Notes forming part of financial statements for the year ended March 31, 2018

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.



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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)
Tangible Assets:	
Computers	3
Servers	6
Furniture & Fixtures	10
Office Equipment	5
Vehicles	4
Intangible Assets:	
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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AXIS FINANCE LIMITED

Notes forming part of financial statements for the year ended March 31, 2018

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 Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

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.



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AXIS FINANCE LIMITED

Notes forming part of financial statements for the year ended March 31, 2018

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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AXIS FINANCE LIMITED

Notes forming part of financial statements for the year ended March 31, 2018

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.

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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AXIS FINANCE LIMITED**Notes forming part of financial statements for the year ended March 31, 2018**

22. Estimated amount of contracts remaining to be executed on capital account – ₹ 1,47,01,166 (Previous Year ₹57,86,686).
23. There is no contingent liability as at March 31, 2018 (previous year ₹ Nil).
24. There are no restructured loans as at March 31, 2018 (previous year ₹ Nil).
25. Basic and Diluted Earnings per share (EPS) computed in accordance with Accounting Standard (AS) 20 "Earnings per share"

Particulars		2017 – 2018 ₹	2016 – 2017 ₹
Basic			
Profit after tax as per Statement of Profit and Loss	A	2,09,35,36,610	1,65,26,14,075
Weighted Average Number of Shares	B	42,37,29,452	40,63,32,192
Basic Earnings per share	A/B	4.94	4.07
Diluted			
Adjusted Profit after tax	C	2,09,35,36,610	1,65,26,14,075
Weighted Average Number of Shares	D	42,37,29,452	40,63,32,192
Diluted Earnings per share	C/D	4.94	4.07
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")

A. Treds Limited ("ATL")

Freecharge Payment Technologies Private Limited ("FPTPL") (w.e.f. 6 October 2017)

Accelyst Solutions Private Limited ("ASPL") (w.e.f. 6 October 2017)

Subsidiaries of Fellow subsidiaries companies

Axis Capital USA LLC (subsidiary of Axis Capital Ltd.) (w.e.f. 2 August 2017)



Trinity

Rajeev



AXIS FINANCE LIMITED
Notes forming part of financial statements for the year ended March 31, 2018
Key management person

Bipin Kumar Saraf, Managing Director and Chief Executive Officer

Amith Iyer, Chief Financial Officer

Rajneesh Kumar, Company Secretary

Transactions with related parties

Particulars	Holding Company ₹	Fellow Subsidiaries including subsidiaries of fellow subsidiaries ₹	Key Management Personnel ₹	Total ₹
Income				
Processing fees (ABL)	13,37,64,859	-	-	13,37,64,859
	(22,51,80,460)	(-)	(-)	(22,51,80,460)
Capital Receipts and Payments				
Commercial Paper Issued (ABL)	-	-	-	-
	(1,47,32,40,000)	(-)	(-)	(1,47,32,40,000)
Issue of Equity Share Capital (Including Share premium) (ABL)	1,25,00,00,000	-	-	1,25,00,00,000
	(1,00,00,00,000)	(-)	(-)	(1,00,00,00,000)
Non-Convertible Debentures (ABL)	1,00,00,00,000	-	-	1,00,00,00,000
	(2,00,00,00,000)	(-)	(-)	(2,00,00,00,000)
Expenses				
Dividend Paid (ABL)	1,21,27,82,500	-	-	1,21,27,82,500
	(94,94,27,500)	(-)	(-)	(94,94,27,500)
Rent paid (ABL)	1,03,06,692	-	-	1,03,06,692
	(96,94,579)	(-)	(-)	(96,94,579)
Rent paid (ASL)	-	3,42,000	-	3,42,000
	(-)	(3,42,000)	(-)	(3,42,000)
Bank charges (ABL)	20,999	-	-	20,999
	(24,787)	(-)	(-)	(24,787)
NACH charges (ABL)	8,420	-	-	8,420
	(403)	(-)	(-)	(403)
Reimbursement of staff cost (ABL)	-	-	-	-
	(2,98,88,767)	(-)	(-)	(2,98,88,767)
Reimbursement of staff cost (APEL)	-	22,22,726	-	22,22,726
	(-)	(-)	(-)	(-)
Interest paid on borrowings (ABL)	15,30,64,944	-	-	15,30,64,944
	(4,91,04,278)	(-)	(-)	(4,91,04,278)
Internet charges paid (ASL)	-	60,950	-	60,950
	(-)	(88,750)	(-)	(88,750)
Demat Charges (ASL)	-	1,05,435	-	1,05,435
	(-)	(55,745)	(-)	(55,745)
Demat Charges (ABL)	1,07,621	-	-	1,07,621
	(81,202)	-	-	(81,202)
Professional fees (ATSL)	-	7,50,000	-	7,50,000
	(-)	(7,50,000)	(-)	(7,50,000)
Salary, Rent and contribution to PF	-	-	3,05,91,790	3,05,91,790


Amith Iyer
Rajneesh Kumar


AXIS FINANCE LIMITED

Notes forming part of financial statements for the year ended March 31, 2018

	(-)	(-)	(2,27,47,888)	(2,27,47,888)
Service charges (ACL)	-	11,34,711	-	11,34,711
	(-)	(13,80,615)	(-)	(13,80,615)
Brokerage paid (ASL)	-	5,14,453	-	5,14,453
	(-)	(210,853)	(-)	(210,853)
IPA commission charges paid (ABL)	8,50,000	-	-	8,50,000
	(11,20,000)	(-)	(-)	(11,20,000)
Retainership fees reimbursement (ABL)	24,000	-	-	24,000
	(24,000)	(-)	(-)	(24,000)
Service charges other – IT Service fees (ABL)	3,99,798	-	-	3,99,798
	(42,069)	(-)	(-)	(42,069)
Referral fees (ABL)	2,33,748	-	-	2,33,748
	(16,796)	(-)	(-)	(16,796)
Arrangership fees (ABL)	39,30,000	-	-	39,30,000
	(72,00,000)	(-)	(-)	(72,00,000)
Escrow fees (ABL)	-	-	-	-
	(3,69,500)	(-)	(-)	(3,69,500)
Other Reimbursement of Expenses (ABL)	60,06,664	-	-	60,06,664
	(60,14,552)	(-)	(-)	(60,14,552)
Internal Audit Fees (ABL)	3,29,368	-	-	3,29,368
	(-)	(-)	(-)	(-)
Closing Balance				
Share Capital (ABL)	4,80,75,00,000	-	-	4,80,75,00,000
	(4,18,25,00,000)	(-)	(-)	(4,18,25,00,000)
Non-Convertible Debentures (ABL)	-	-	-	-
	(56,10,00,000)	(-)	(-)	(56,10,00,000)
Overdraft Account Balance* (ABL)	8,43,03,24,154	-	-	8,43,03,24,154
	(-)	(-)	(-)	(-)
Current account balance (ABL)	2,10,10,611	-	-	2,10,10,611
	(4,85,48,09,203)	(-)	(-)	(4,85,48,09,203)
Processing fees Receivable (ABL)	61,99,060	-	-	61,99,060
	(4,20,22,764)	(-)	(-)	(4,20,22,764)
Sundry Payables (ABL)	73,354	-	-	73,354
	(4,44,150)	(-)	(-)	(4,44,150)
Sundry Receivables (APEL)	-	8,00,000	-	8,00,000
	(-)	(-)	(-)	(-)
Sundry Payables (ASL)	-	56,988	-	56,988
	(-)	(94,834)	(-)	(94,834)



Amulya Rajeev



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)*:

	2017-18 (₹)	2016-17 (₹)
Current service cost	4,92,069	3,94,608
Interest cost on benefit obligation	2,89,122	2,48,688
Expected return on plan assets	(2,35,865)	(2,40,327)
Net actuarial (gain)/loss recognized in the year	4,79,889	2,12,668
Past service cost	11,96,452	-
Transferred from group Company	-	-
Net benefit expense/(income)	22,21,667	6,15,637

Provision for gratuity recognized in Balance Sheet*:

	2017-18 (₹)	2016-17 (₹)
Projected benefit obligation	(1,06,99,645)	(39,12,342)
Fair value of plan assets	94,48,604	31,91,672
Less: Unrecognised past service cost	-	-
Plan liability	12,51,041	7,20,670

Actual return on plan assets

	2017-18 (₹)	2016-17 (₹)
Expected return on plan assets	2,35,865	2,40,327
Actuarial gains/(losses) on plan assets	75,072	(67,838)
Actual Return on plan assets	3,10,937	1,72,489



Amithy *Rajeev*



AXIS FINANCE LIMITED

Notes forming part of financial statements for the year ended March 31, 2018

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

	2017-18 (₹)	2016-17 (₹)
Opening projected benefit obligation	39,12,342	31,24,216
Interest cost	2,89,122	2,48,688
Current service cost	4,92,069	3,94,608
Past Service Cost - Vested Benefit Incurred During the Period	11,96,452	-
Liability transferred in	56,90,853	-
Benefit Paid From the Fund	(14,36,154)	-
Actuarial (gains)/losses on obligation	5,54,961	1,44,830
Closing projected benefit obligation	1,06,99,645	39,12,342

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

	2017-18 (₹)	2016-17 (₹)
Opening fair value of plan assets	31,91,672	30,19,183
Expected return	2,35,865	2,40,327
Contributions by employer	16,91,296	-
Assets Transferred In	56,90,853	-
Benefits paid	(14,36,154)	-
Actuarial gains/(losses)	75,072	(67,838)
Closing fair value of plan assets	94,48,604	31,91,672

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

Gratuity	March 31, 2018	March 31, 2017
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*:

	2017-18	2016-17
Discount rate	7.73%	7.39%
Expected rate of return on assets	7.73%	7.39%
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.



Santhya Raju



AXIS FINANCE LIMITED
Notes forming part of financial statements for the year ended March 31, 2018

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

	2017-18	2016-17	2015-16	2014-15	2013-14
	(₹)	(₹)	(₹)	(₹)	(₹)
Projected benefit obligation	1,06,99,645	39,12,342	31,24,216	27,09,067	18,70,934
Plan assets	94,48,604	31,91,672	30,19,183	18,89,844	2,49,457
(Surplus) /deficit	12,51,041	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)	2017-18 (₹)	2016-17 (₹)
Depreciation	(32,39,459)	(14,87,361)
Provision for leave encashment	14,34,269	5,35,926
Provision for Gratuity	4,32,960	-
Contingent provision on standard assets	9,17,37,757	5,94,34,753
Total	9,03,65,527	5,84,83,318

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	2017-18	2016-17
(i)	CRAR (%)	23.76%	23.15%
(ii)	CRAR- Tier I Capital (%)	15.84%	18.52%
(iii)	CRAR- Tier II Capital (%)	7.92%	4.63%
(iv)	Amount of subordinated debt raised as Tier-II capital	₹5,00,00,00,000	₹2,00,00,00,000
(v)	Amount raised by issue of Perpetual Debt Instruments	-	-

33. Exposure to Real Estate Sector

Particulars	2017-18 ₹	2016-17 ₹
a) Direct Exposure		
(i) Residential Mortgages	19,91,40,136	51,85,87,007
(ii) Commercial Real Estate	24,81,86,80,177	10,24,28,53,996
(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	25,01,78,20,313	10,76,14,41,003



Amithy Rajeev



AXIS FINANCE LIMITED**Notes forming part of financial statements for the year ended March 31, 2018**

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 2018 and 31 March 2017 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/Stable	1,200	-	Yearly Surveillance
	Short term	IND A1+	10,000	12 months	1 year from rating date i.e. 01.03.2018 or 31.03.2019 whichever is earlier
CRISIL Limited	Long term	CRISIL AAA/Stable	2,000	-	Yearly Surveillance
	Short term	CIRSIL A1+	10,000	60 days	60 days from 01.03.2018 or life of the instrument or one year issued within 60 days from 01.03.2018

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.



Amithy Rajeev



AXIS FINANCE LIMITED

Notes forming part of financial statements for the year ended March 31, 2018

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

Financial year 2017-18

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	10,54,85,43,445	3,70,70,01,312	2,20,00,00,000	9,75,43,33,625	18,90,02,12,609	18,72,93,55,289	2,39,84,25,751	-	66,23,78,72,031
Investments	-	-	-	-	-	-	-	-	-
Borrowings	4,22,67,16,696	17,43,49,70,338	9,16,91,64,208	2,48,47,93,150	6,92,71,02,856	2,17,50,00,000	6,88,44,40,300	5,00,00,00,000	54,30,21,87,548
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency 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	-	-	-	-	-	-	-	-	-



Smriti Rajiv



43. Investments

		(Amount in ₹)	
Particulars		2017-18	2016-17
(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.



Sanjay *Rajesh*



AXIS FINANCE LIMITED

Notes forming part of financial statements for the year ended March 31, 2018

48. Exposure to Capital Market

		(Amount in ₹)	
Particulars		2017-18	2016-17
(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;	7,67,30,69,953	7,37,72,31,208
(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;	44,40,26,61,208	17,00,32,29,872
(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;	3,63,48,30,071	7,68,00,692
(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)	-	-
Total Exposure to Capital Market		55,71,05,61,232	24,45,72,61,772

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	2017-18 ₹	2016-17 ₹
Provisions for depreciation on Investment	-	-
Provision towards NPA	-	-
Provision made towards Income tax	1,14,35,37,583	89,58,94,064
Other Provisions and Contingencies	-	-
Provision for Standard Assets	9,33,39,702	4,54,95,277
Total	1,23,68,77,285	94,13,89,341



Amithy *Rajesh*



AXIS FINANCE LIMITED

Notes forming part of financial statements for the year ended March 31, 2018

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

51. Concentration of Advances

Particulars	2017-18(₹)	2016-17(₹)
Total Advances to Twenty Largest Borrowers	23,35,31,45,039	19,21,70,72,623
Percentage of Advances to Twenty Largest Borrowers to Total Advances	35.25%	44.76%

52. Concentration of Exposures

Particulars	2017-18(₹)	2016-17(₹)
Total Exposure to Twenty Largest Borrowers / customers	24,33,17,21,795	20,43,61,65,992
Percentage of Exposures to Twenty Largest Borrowers / Customers to Total Exposure of Axis Finance on borrowers / customers	28.04%	37.13%

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	2017-18	2016-17
(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	2017-18		2016-17	
		₹		₹	
a)	Gross amount required to be spent by the company during the year	3,60,39,735		2,25,20,176	
b)	Amount spent during the year ending on 31 st 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	3,60,39,735	-	2,25,20,176	-

57. Details of Auditors Remuneration

Particulars	2017-18(₹)	2016-17(₹)
For Statutory Audit and Limited Review	24,00,000	19,50,000
For Certification Services	-	3,00,000
	24,00,000	22,50,000



Amithy Rajeev



AXIS FINANCE LIMITED

Notes forming part of financial statements for the year ended March 31, 2018

58. Leases:*Operating Lease:*

Office premises are obtained on operating lease. These leases have an average life between one to five years with further renewals option included in the contract. There are no restrictions imposed by lease arrangements. There are no subleases.

Particulars	2017-18(₹)	2016-17(₹)
Minimum lease payments:		
-Not later than one year	1,07,05,347	95,09,516
-Later than one year but not later than five years	78,18,656	1,43,07,844
-Later than five years	30,97,412	17,38,451
Lease payment for the year	1,06,48,692	98,76,579

59. A Scheme of Amalgamation of Axis Private Equity Limited with the Company (the 'Scheme') was approved by the Board of Directors of the Company on 13 July 2017 and by the Board of Directors of Axis Private Equity Limited on 10 July 2017. The Appointed Date of the Scheme is 1 April 2017. The Company Scheme Petition in relation to the Scheme has been filed before the Hon'ble National Company Law Tribunal, Mumbai Bench ('NCLT'). Pending approval, no adjustment has been recorded in the financial results.

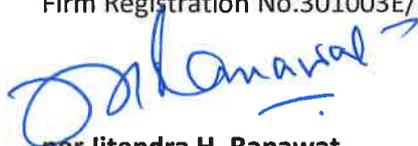
60. Previous year figures have been re-grouped, re-classified wherever necessary to conform to current year's presentation.

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 16, 2018



For and behalf of the board of Axis Finance Limited



Srinivasan Varadarajan

Chairman

DIN No: 00033882



Amith Iyer

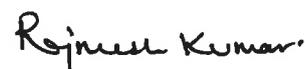
Chief Financial Officer



Bipin Kumar Saraf

Managing Director

DIN No: 06416744



Rajneesh Kumar

Company Secretary

Membership No: A31230

AXIS FINANCE LIMITED
Notes forming part of financial statements for the year ended March 31, 2018
Schedule to the Balance Sheet of a non-deposit taking non-banking financial company

		(₹)		(₹)	
		Amount outstanding as at March 31,2018	Amount overdue as at March 31, 2018	Amount outstanding as at March 31,2017	Amount overdue as at March 31, 2017
Liabilities side :					
(1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:				
	(a) Debentures : Secured	13,58,61,06,110	-	7,36,92,24,687	-
	: Unsecured (other than falling within the meaning of public deposits*)	5,30,95,32,495	-	2,11,51,80,854	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	-	-	-	-
	(d) Inter-corporate loans and borrowing	-	-	-	-
	(e) Commercial Paper	19,90,08,65,510	-	28,70,60,66,144	-
	(f) Public Deposits*	-	-	-	-
	(f) Other Loans (Bank's Line of Credit)	16,94,18,81,738	-	5,50,87,39,319	-
*Please see Note 1 below					
(2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :				
	(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					
Assets side :					
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :				
	(a) Secured	62,79,39,81,139	-	40,81,23,77,923	-
	(b) Unsecured	3,44,38,90,892	-	2,10,76,05,021	-
(4)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities				
	(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	-	-	-	-



Amithy *Rajneesh*



AXIS FINANCE LIMITED

Notes forming part of financial statements for the year ended March 31, 2018

(5)	Break-up of Investments :	As at March 31, 2018 (₹)	As at March 31, 2017 (₹)
	Current Investments :		
	1. Quoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	2. Unquoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	2,80,00,00,000
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	Long Term investments :		
	1. Quoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	2. Unquoted :		
	(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)	-	-
		-	3,80,00,00,000



Smithy Rajneel



AXIS FINANCE LIMITED

Notes forming part of financial statements for the year ended March 31, 2018

(6)	Borrower group-wise classification of assets financed as in (3) and (4) above : Please see Note 2 below						
	Category	Amount (₹) net of provisions as at March 31, 2018			Amount (₹) net of provisions as at March 31, 2017		
		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	62,79,39,81,139	3,44,38,90,892	66,23,78,72,031	40,81,23,77,923	2,10,76,05,021	42,91,99,82,944
	Total	62,79,39,81,139	3,44,38,90,892	66,23,78,72,031	40,81,23,77,923	2,10,76,05,021	42,91,99,82,944

(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below				
	Category	Market Value / Break up or fair value or NAV* as at March 31, 2018(₹)	Book Value (Net of Provisions) as at March 31, 2018(₹)	Market Value / Break up or fair value or NAV* as at March 31, 2017(₹)	Book Value (Net of Provisions) as at March 31, 2017(₹)
	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
	Total	-	-	3,86,06,49,516	3,80,00,00,000



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AXIS FINANCE LIMITED**Notes forming part of financial statements for the year ended March 31, 2018**

* Disclosure is made in respect of available information

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

(8) Other information		2017-18	2016-17
	Particulars	Amount (₹)	Amount(₹)
(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 point xix of paragraph 3 of Chapter – 2 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
2. Provisioning norms shall be applicable as prescribed in Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (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 (5) above.



Amithy *Rajesh*

