

**DIRECTORS REPORT**

**DEAR MEMBERS,**

The Directors are pleased to present their Report on the business and operations of the Company along with the Audited accounts for the financial year ended 31<sup>st</sup> March, 2014.

**FINANCIAL PERFORMANCE:**

In a very competitive but active market during the year, the Company achieved a total income of Rs. 3,145,347,981 during the year under review.

The Financial Results of the Company for the year ended 31<sup>st</sup> March 2014 are given below:

(Figures in Rs.)

<b>Particulars</b>	<b>2013-2014</b>	<b>2012-2013</b>
	<b>Amount</b>	<b>Amount</b>
Operating Income(A)	3,025,984,113	104,769,773
Interest Income on Fixed Deposits and Miscellaneous Income (B)	119,363,868	29,023,888
<b>Total Income (A)+(B)</b>	<b>3,145,347,981</b>	<b>133,793,661</b>
Operating Expenses	2,970,547,719	152,418,413
<b>Profit/(Loss) before Depreciation, provisions for tax</b>	<b>174,800,262</b>	<b>(18,624,752)</b>
Depreciation	49,058,410	5,400,454
<b>Profit/(Loss) after Depreciation and before provision for taxes &amp; prior period effect</b>	<b>1,25,741,852</b>	<b>(24,025,206)</b>
(Short) /Excess Provision of earlier years Written off / Written Back	9,300,000	15,332
Provision for Tax	( 5,792,578)	-
Deferred tax	6,519,208	-
Prior Period effect of the Scheme (Loss of business acquired on demerger from appointed date i.e. 20 Oct 2012 to 31 March 2013 )	(14,218,525)	
<b>Profit / (Loss) After Tax</b>	<b>121,549,957</b>	<b>(24,009,874)</b>
<b>Balance carried to Balance Sheet</b>	<b>121,549,957</b>	<b>(24,009,874)</b>

## **BUSINESS OVERVIEW & REVIEW OF OPERATIONS**

The markets, after a subdued start to the financial year, moved higher in the last quarter of the year ending the year with a gain of 17.5%.

The sentiments in the market improved in second half of financial year FY14 due to improvement in the world economy as well as local economic parameters. The last quarter of FY14 saw Indian stock market outperform most of its peers on back of improving micro economy data and expectation of Business friendly political regime. The retail participation at 10 year low in the first half however has shown initial sign of improvement in second half of FY14. Domestic Institutions remained sellers almost throughout the year while FIs remained net buyers.

The focus in FY14 was to cash break-even in FY14 which was successfully achieved.

The Company continued to grow steadily, both in business and earnings, in an increasingly competitive financial market and business accelerated in the last quarter to such an extent that March'14 saw the highest ever Retail Asset disbursal of Rs.1956.36 Crores including ever highest Home Loan disbursal of Rs.1041.52 Cr which was a landmark figure.

The Company continued to enlarge its distribution network by widening its geographical reach, which is seen to be critical for tapping business, by coming up with new branches.

The Company also continued its efforts towards optimizing costs and expects to further optimize our cost structure through additional measures taken on operational efficiency.

The company did a substantially voluminous retail asset business of Rs.16353 Crores in the FY 2013-14. In comparison to FY 2012-13, Home Loan has witnessed a growth of 15% from Rs.7734 Cr to Rs.8872 Cr, Loan Against Property has witnessed a growth of 55% from Rs.1375 Cr to Rs.2136 Cr, Personal Loan has witnessed a growth of 42% from Rs.1860 Cr to Rs.2644 Cr and Auto Loan has witnessed a growth of 11% from Rs.2382 Cr to Rs.2638 Cr.

The company contributes to 55% of overall Home Loan, 69% of Personal Loan, 58% of Loan against Property and about 93% of Auto Loan business of the Bank.

The Credit card business which was shifted from cost plus model to revenue model in retail assets saw a 49% increase in the number of cards issued 449148 in FY 2013-14 as compared to FY 2012-13 which was 302260.



Business of Schematic loan for SMEs has shot up by a huge margin of 84% by sourcing the business of Rs. 2798 Cr in this financial year as compared to Rs.1523 Cr in FY 2012-13. The manpower productivity for Retail Assets in FY 2013-14 was 62%.

### **CHANGE OF CONTROL**

Pursuant to the Demerger of the retail Businesses (including retail stock broking) of Axis Capital Limited into the Company effective May 25, 2013, the Company allotted 12,14,999,40 Equity Share(s) of Rs. 10/- (Rupees Ten) each of the Company, on a fully paid-up basis, to Axis Bank Limited.

The Directors are pleased to note that during the year, the Company received approval from all the applicable regulatory authorities for the transfer of entire Share Capital held by Axis Capital Limited to Axis Bank Limited. Pursuant to the above transfer of shares, the Company has now become a wholly owned subsidiary of Axis Bank Limited.

### **DIRECTORS**

- Mr. Arun Thukral was re-designated as Managing Director and CEO with effect from March 01, 2014
- Mr. Anand Kumar Shaha was appointed as Whole Time Director of the Company with effect from March 01, 2014
- Mr. Modan Saha was re-designated as Director from Whole time Director with effect from March 01, 2014.
- Mr. Ajay Seth and Mr. Nitin Kapadia resigned as Directors of the Company with effect from June 07, 2013.

The Directors place on record their warm appreciation for valuable contributions made by Mr. Ajay Seth and Mr. Nitin Kapadia, the outgoing Directors.

### **DIVIDEND**

Your Directors do not recommend any dividend for the year ended on 31<sup>st</sup> March 2014.

### **RESERVES**

There is no amount to be carried forward to reserve in the current Financial Year 2013-14.



## **SHARE CAPITAL:**

During the year, the Authorised Preference Share Capital of 20,00,000 (5% Redeemable Non - Cumulative Preference Shares of Rs.100/- each amounting to Rs.20,00,00,000/-) was re-classified as Authorised Equity Share Capital of Rs. 20,00,00,000/- divided into 2,00,00,000 (Two Crores Only) Equity Shares of Rs. 10/- each, without altering the overall Authorised Capital of Rs. 43,00,00,000 ranking pari passu with the Equity Share Capital of the Company.

On April 25, 2013, 20,00,000 Fully Paid up Convertible Preference Shares of Rs. 100/- each, were converted into 200,00,000 Fully Paid up Equity Shares of Rs.10/- each at par (in the ratio of 10 Equity Share of Rs. 10/- each for every 1 Convertible Preference Shares of Rs. 100/- each) and 200,00,000 Fully Paid up Equity Shares of Rs.10/- each at a par were issued and allotted to the shareholders.

Further, on May 13, 2013, the Authorized Share Capital of the Company was increased from Rs. 43,00,00,000 (Rupees Forty-Three Crores Only) divided into 4,30,00,000 (Four Crores and Thirty-Lacs only) Equity Shares of Rs. 10/- each (Rupees Ten Only) to Rs. 150,00,00,000 (Rupees One Hundred Fifty Crores Only) divided into 15,00,00,000 (Fifteen Crores only) Equity Shares of Rs. 10/- each (Rupees Ten Only).

## **PUBLIC DEPOSITS**

During the year under review, the Company has not accepted any deposit pursuant to Section-58 of the Companies Act, 1956.

## **AUDIT COMMITTEE**

The Audit Committee consists of three Directors – Mr. Nilesh Shah, Mr. Ramesh Kumar Bammi and Mr. Jagdish Master and is chaired by Mr. Nilesh Shah. The Audit Committee was constituted during the year under review vide board resolution dated May 25, 2013.

## **EXECUTIVE COMMITTEE**

The Executive Committee consists of three Directors – Mr. Arun Thukral, Mr. Modan Saha and Mr. Nilesh Shah and is chaired by Mr. Nilesh Shah. The Executive Committee was constituted during the year under review vide board resolution dated May 25, 2013.



#### **REMUNERATION COMMITTEE**

The Remuneration Committee consists of three Directors – Mr. Ramesh Kumar Bammi, Mr. Nilesh Shah and Mr. Jagdish Master and is chaired by Mr. Ramesh Kumar Bammi. The Remuneration Committee was constituted during the year under review vide board resolution dated May 13, 2013.

#### **RISK MANAGEMENT COMMITTEE**

The Risk Management Committee consists of four Directors – Mr. Ramesh Kumar Bammi, Mr. Nilesh Shah, Mr. Arun Thukral and Mr. Modan Saha and is chaired by Mr. Nilesh Shah. The Risk Management Committee was constituted during the year under review vide board resolution dated May 25, 2013.

#### **PARTICULARS CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information as per Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 relating to the Conservation of Energy and Technology Absorption is not given since the Company is not engaged in any manufacturing activity. There is no foreign technology involved/ absorbed.

During the year under review, the Company has not earned any foreign exchange and neither incurred any expenditure in Foreign exchange.

#### **PARTICULARS OF EMPLOYEES AS REQUIRED UNDER COMPANIES ACT, 1956**

The information of employees drawing remuneration exceeding the prescribed limits set out in the provisions of section 217(2A) of the Companies Act, 1956 is available with the Company on request by the Shareholders.

#### **DIRECTORS RESPONSIBILITIES STATEMENT**

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- i. The applicable accounting standards have been followed in the preparation of the annual accounts and proper explanations have been furnished, relating to material departures.



# AXIS SECURITIES

- ii. Accounting policies have been selected, and applied consistently and reasonably, and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company and of the profit of the Company for the year ended 31<sup>st</sup> March 2014.
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The annual accounts of the Company have been prepared on a going concern basis.

## COMPLIANCES

The Balance Sheet and Profit and Loss accounts for the period under review are revised as per the new format of Schedule VI notified by the Ministry of Corporate Affairs.

## STATUTORY AUDITORS

M/s. S.R.B.C. & Co. LLP, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting, and being eligible, have offered themselves for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under the relevant provisions of the Companies Act, 1956. The Board recommends the appointment of M/s. S.R.B.C. & Co. LLP, Chartered Accountants, Mumbai, as Statutory Auditors of the Company for a period of 4 years till the conclusion of the 12<sup>th</sup> Annual General Meeting of the Company, subject to ratification of such appointment in every Annual General Meeting till the 12<sup>th</sup> Annual General Meeting in terms of the Companies Act, 2013.

## CORPORATE GOVERNANCE

The Company's policy on Corporate Governance has been:

- i. To enhance the long term interest of its Shareholders, provide good management, adopt prudent risk management techniques and comply with the applicable regulatory requirements, thereby safeguarding the interest of its other stakeholders such as customers, employees, creditors and vendors.
- ii. To identify and recognise the Board of Directors and the Management of the Company as the principal instruments through which good corporate governance principles are articulated and implemented. To also identify and recognise accountability, transparency and equality of treatment for all stakeholders, as central tenets of good corporate governance.

The key drivers of Indian equity market will be country's economic growth, the outlook of domestic interest rates and outcome of general election. FII inflow is expected to continue provided the new government is willing to implement economic reforms.

The Indian capital markets remain largely entwined with the global and domestic economy. Retail participation remains uncertain, regulatory changes mean institutional equities business could face significant structural challenges and other capital markets businesses may remain subdued.

The Indian economy stands at a critical juncture today. It has successfully tackled some macroeconomic problems such as the widening of twin deficits and currency depreciation. But equally challenging problem in the form of growth slowdown and rising food inflation persist. The new government will have to hit the ground running on economic policy in order to provide confidence to investors. Enlightened action by a new government is required to put the economy back on track.

We would like to look forward to the coming year with cautious optimism and would take steps to supplement core broking income by widening our product offerings and reach. Retail participation is expected to deepen if there is broad based rally in the market.

However, the past 3-4 months have generally provided more good news than bad. The interest rate cycle seems to have peaked, liquidity flows in the country have been strong, retail participation giving signs of returning to life and positive noises by the government have all in aggregate helped dispel some gloom that beset the industry. The industry brokerage revenue pool has been stabilizing.

Though last few months trend in real estate business was stagnant still our contribution towards Home Loan business was remarkable. The demand is expected to increase in the coming year, the upcoming general elections will also play a key role in the market with buyers expected to wait for the new government and price corrections to happen.

The company posted good results for the financial year 2013-14 as compared to the previous financial year despite difficult external factors. We are confident of capturing the resulting opportunities through our focused approach.



The Company shall continue to explore opportunities to service clients directly and shall setup broking branches close to Retail asset centres and cities where High net worth customers have presence.

The company would also seek to use its brand name which is well established in the market to stay ahead of the upcoming competition in the wake of new banking licenses awarded by the RBI.

#### **ACKNOWLEDGEMENT**

Your Directors would like to express their gratitude for all the guidance and co-operation received from Axis Bank. Your Directors would like to place on record their gratitude and thanks to the esteemed clients, Bankers, financial institutions, suppliers, advisors, SEBI (Securities and Exchange Board of India), National Stock Exchange of India Limited, Bombay Stock Exchange, National Securities Depository Limited (NSDL), Central Depository Services Limited (CDSL), Central, State and Local Government Departments and Bodies for their continued support and cooperation.

The Directors also express their warm appreciation to all the employees of the Company for their diligence and contribution.

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

A handwritten signature in black ink, appearing to read 'Ramesh'.

**RAMESH KUMAR BAMMI  
CHAIRMAN**

**Place: Mumbai**

**Date: April 18, 2014**

**Independent Auditor's Report**

To  
**The Members of Axis Securities Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Axis Securities Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2014, and 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**

Management is responsible for 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 notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

**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 Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

# **S R B C & CO LLP**

Chartered Accountants

## Independent Auditor's Report Axis Securities Limited

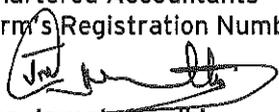
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- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date;  
and
- (c) in the case of the Cash Flow Statement, of the 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, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have 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 accounts as required by law have been kept by the Company so far as 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 Balance sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013;
  - (e) On the basis of written representation received from the directors as on 31<sup>st</sup> March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**For S.R.B.C & CO. LLP**  
Chartered Accountants  
Firm's Registration Number: 324982E

  
per Jayesh Gandhi

Partner

Membership Number: 037924

Mumbai  
11 April 2014

**Annexure referred to in our report of even date  
Re: Axis Securities Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and location of fixed assets.
- (b) All fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The Company does not hold any securities in physical form. The securities held as stock-in-trade in dematerialised form are verified with the confirmation statement received from the custodian on a regular basis during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The Company is maintaining proper records of securities held as stock-in-trade and no discrepancies were noticed on comparing the statement from custodian with book records.
- (iii) (a) As Informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) The provision of clause 4(viii) of the Order in respect of maintenance of cost records is not applicable to the Company in the year under audit and hence not reported upon.
- (ix)(a) Undisputed statutory dues including provident fund, employees' state insurance, service tax, cess and other material statutory dues have generally been regularly deposited with the appropriate. As informed, provisions of investor education and protection fund, sales tax, wealth tax, custom duty and excise duty are currently not applicable to the Company.



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Chartered Accountants

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. As informed, provisions of investor education and protection fund, sales tax, wealth tax, custom duty and excise duty are currently not applicable to the Company.

(c) According to the records of the Company, the dues outstanding for taxes on account of dispute are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Stamp Duty of the state of Madhya Pradesh	Stamp Duty	18,13,193	2011-12	Collector of Stamps, Indore (Madhya Pradesh)
Income Tax Act, 1961	Penalty	16,65,513	2009-10	ITAT
Income Tax Act, 1961	Penalty	3,72,508	2006-07	ITAT
Income Tax Act, 1961	Expenses disallowed	38,59,068	2009-10	CIT (A)
Income Tax Act, 1961	Expenses disallowed	4,42,472	2010-11	CIT (A)

As informed, provisions of sales tax, wealth tax, custom duty and excise duty are currently not applicable to the Company.

- (x) The Company has accumulated losses at the end of the financial year. However, it has not incurred cash loss during the year. In the immediately preceding financial year, the Company had incurred cash loss.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

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# **S R B C & C O L L P**

Chartered Accountants

- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) We have been informed that there have been instances of fraud by third parties and certain employees of the Company amounting to Rs. 22,72,051 in respect of selling of third party's financial products. Investigations related to these cases are closed. The Company has since terminated the services of these employees and has also recovered Rs. 18,04,751. There is no financial loss to the Company.

**For S.R.B.C & CO. LLP**  
Chartered Accountants  
Firm registration number: 324982E



**Jayesh Gandhi**  
Partner  
Membership No.: 037924

Place: Mumbai  
Date: 11 April 2014

AXIS SECURITIES LIMITED  
(A subsidiary of Axis Bank Ltd)  
AUDITED RESULT FOR THE PERIOD ENDED 31 March 2014

Axis Securities Limited			
Balance sheet as at 31 March 2014			
Particulars	Notes	31 March 2014 ₹	31 March 2013 ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	3	1,44,50,00,000	23,00,00,000
Reserves and surplus	4	11,96,32,113	(23,05,369)
<b>Non-current liabilities</b>			
Other long term liabilities	5	91,73,786	72,27,730
Long term provisions	6	1,42,80,522	9,920
<b>Current liabilities</b>			
Trade payables	7	84,03,73,093	21,12,76,737
Short term provisions	6	8,29,84,233	83,45,346
Other current liabilities	8	54,74,55,319	1,32,54,453
<b>Total</b>		<b>3,05,88,99,066</b>	<b>46,78,08,817</b>
<b>II. Assets</b>			
<b>Non-current assets</b>			
<i>Fixed assets</i>			
Tangible assets	9	12,53,41,233	94,18,459
Intangible assets	9	4,59,56,541	86,275
Deferred Tax Asset	22	75,12,076	-
Long term loans and advances	10	39,72,92,757	3,66,00,086
Other non current assets	11.2	7,28,84,867	9,56,74,052
<b>Current assets</b>			
Trade receivables	11.1	77,37,29,603	2,07,63,370
Short term loans and advances	10	2,68,16,021	83,50,403
Cash and bank balances	12	1,48,41,74,729	28,34,02,284
Other current assets	11.2	12,51,91,239	1,35,13,888
<b>Total</b>		<b>3,05,88,99,066</b>	<b>46,78,08,817</b>

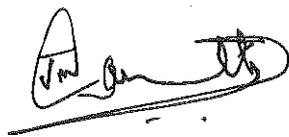
Summary of significant accounting policies

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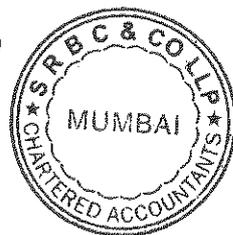
The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. B.C. & Co. LLP  
Firm Registration No.: 324982E  
Chartered Accountants



per Jayesh Gandhi  
Partner  
Membership No. :- 037924  
Place : Mumbai  
Date : 11 April 2014



For and on behalf of the board of Directors



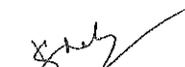
Ramesh Kumar Bammi  
Chairman



Arun Thukral  
Managing Director & CEO



  
Anand Shaha  
Whole-time Director



Kunal Shah  
Company Secretary

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Axis Securities Limited			
Statement of profit and loss for the year			
Particulars	Notes	Year ended 31 March 2014 ₹	Year ended 31 March 2013 ₹
Revenue from operations	13	3,02,59,84,113	10,47,69,773
Other income	14	11,93,63,868	2,90,23,888
<b>Total revenue - (I)</b>		<b>3,14,53,47,981</b>	<b>13,37,93,661</b>
<b>Expenses:</b>			
Employee benefit expense	15	2,49,78,94,200	8,64,14,978
Depreciation and amortization expense	9	4,90,58,410	54,00,454
Finance charges	16	4,81,303	3,69,505
Other expenses	17	47,21,72,216	6,56,33,930
<b>Total expenses - (II)</b>		<b>3,01,96,06,129</b>	<b>15,78,18,867</b>
<b>Profit before tax and before impact of the scheme of demerger relating to earlier period</b>		<b>12,57,41,852</b>	<b>(2,40,25,206)</b>
Tax expense:			
Current tax (MAT payable)		(1,41,17,769)	-
MAT credit entitlement		83,25,191	-
Deferred tax		65,19,208	-
(Short)/ excess provision of earlier years written off / written back		93,00,000	15,332
<b>Profit for the year after tax and before impact of the scheme of demerger relating to earlier period</b>		<b>13,57,68,482</b>	<b>(2,40,09,874)</b>
<b>Impact of scheme of demerger relating to earlier (20 Oct 2012 to 31 March 2013) period</b>	18		
Loss of business acquired on demerger from appointed date i.e. 20 Oct 2012 to 31 March 2013		(1,42,18,525)	-
<b>Profit/(Loss) for the year</b>		<b>12,15,49,957</b>	<b>(2,40,09,874)</b>
<b>Earnings per equity share [nominal value of share ₹10 (31 March 2014: ₹10)]</b>			
Basic		0.85	(8.00)
Diluted		0.85	(8.00)

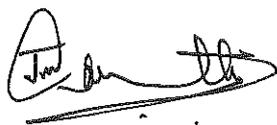
Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. B.C. & Co. LLP  
Firm Registration No.: 324982E  
Chartered Accountants

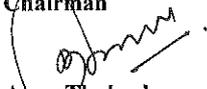


per Jayesh Gandhi  
Partner  
Membership No. :- 037924  
Place : Mumbai  
Date : 11 April 2014



For and on behalf of the board of Directors

  
Ramesh Kumar Bammi  
Chairman

  
Arun Thukral  
Managing Director & CEO

  
Kunal Shah  
Company Secretary



  
Anand Shaha  
Whole-time Director

Axis Securities Limited		
Cash Flow Statement for the year ended 31 March 2014		
Particulars	Year ended 31 March 2014 ₹	Year ended 31 March 2013 ₹
<b>A) Cash flow from operating activities</b>		
Profit/(loss) before taxes (incl for the period 20th Oct 12 to 31Mar 13)	111,523,327	(24,025,207)
<b>Non cash &amp; non operating adjustments:</b>		
Reversal of liabilities	-	(680,089)
Interest income	(118,687,693)	(28,323,262)
Depreciation and amortization	49,058,410	5,400,453
Finance charges	19,215	369,506
Profit from sale of investments	(195,787)	-
Provision for doubtful debts	2,442,358	-
Loss on sale of fixed assets	1,047,974	978,623
<b>Operating profit/(loss) before working capital changes</b>	<b>45,207,804</b>	<b>(46,279,976)</b>
<b>Movement in working capital:</b>		
Decrease / (increase) in long term loan & advances	2,861,434	(759,891)
Decrease / (increase) in short term loan & advances	6,817,441	4,677,710
Decrease / (increase) in other non current assets	233,500,606	(68,256,188)
Decrease / (increase) in trade receivables	(287,819,861)	2,312,967
Decrease / (increase) in other current assets	(55,181,574)	-
Increase/ (decrease) in other long term liabilities	1,946,056	(525,720)
Increase/ (decrease) in long term provisions	6,012,492	9,920
Increase/ (decrease) in short term provisions	44,607,834	3,260,984
Increase/ (decrease) in trade payables	422,871,349	94,230,458
Increase/ (decrease) in other current liabilities	310,149,275	(1,095,872)
<b>Cash generated from operations</b>	<b>730,972,856</b>	<b>(12,425,608)</b>
Direct taxes paid (net of refund)	(195,402,524)	(605,682)
<b>Net cash from operating activities</b>	<b>535,570,332</b>	<b>(13,031,290)</b>
<b>B) Cash flow from investing activities</b>		
Purchase of fixed assets	(96,220,517)	(55,717)
Proceeds from sale of fixed assets	5,982,481	142,101
Investment/ (redemption) in bank fixed deposit	150,495,425	(400,000)
Investment in mutual funds	(164,600,000)	-
Redemption of mutual funds	164,795,787	-
Decrease / (increase) fixed deposit under lien exchange	(568,956,188)	50,056,188
Interest received	79,807,253	26,160,783
<b>Net cash used in investing activities</b>	<b>(428,695,759)</b>	<b>75,903,355</b>
<b>C) Cash flow from financing activities</b>		
Finance charges	(19,215)	(369,506)
<b>Net cash from financing activities</b>	<b>(19,215)</b>	<b>(369,506)</b>
Net increase in cash and cash equivalents	106,855,358	62,502,559
Cash and cash equivalents at the beginning of the period	88,958,472	26,455,913
Cash and cash equivalents acquired in the acquisition	92,859,232	-
<b>Cash and cash equivalents at the end of the period</b>	<b>288,673,062</b>	<b>88,958,472</b>
<b>Components of cash and cash equivalents as at</b>		
<b>Cash in hand</b>	<b>115,537</b>	<b>26,804</b>
<b>With scheduled bank -</b>		
<b>On current account</b>	<b>288,557,525</b>	<b>88,931,668</b>
<b>Total</b>	<b>288,673,062</b>	<b>88,958,472</b>

The accompanying notes are an integral part of the financial statements.

As per our report on even date

For S. R. B. C. & Co. LLP  
Firm Registration No.: 324982E  
Chartered Accountants

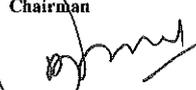


per Jayesh Gandhi  
Partner  
Membership No. :- 037924  
Place : Mumbai  
Date : 11 April 2014

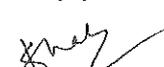


For and on behalf of the board of Directors

  
Ramesh Kumar Bammi  
Chairman

  
Arun Thukral  
Managing Director & CEO

  
Anand Shaha  
Whole-time Director

  
Kunal Shah  
Company Secretary



2

## Axis Securities Limited

### Notes forming part of the financial statements

#### 1. Nature of operations and background

Axis Securities Limited (Formerly Enam Securities Direct Private Limited) ('the Company') domiciled in India and incorporated under the provision of Companies Act, 1956. The Company is in the business of providing resource management and marketing of third party financial products and business of retail broking online and offline mode.

The Company's holding company up to 19 October 2012 - Enam Securities Private Limited ('ESPL') in their Board of Directors meeting held on 17 November 2010 approved and entered into an arrangement, with amendments thereafter, with Axis Bank and Axis Securities & Sales Limited ('ASSL' now renamed as Axis Capital Limited ('ACL')) inter-alia to de-merge its investment banking, institutional equities and related business such as distribution of financial products, loan against shares among others conducted by ESPL directly and through its wholly owned subsidiaries ('Financial Services Business') with effect from 1 April 2010 by way of a demerger to Axis Bank, on a going concern basis (the 'Scheme') and simultaneous sale of Financial Service Business from Axis Bank to ACL. The High Court of Bombay and the High Court of Gujarat vide their order dated 30 August 2012 and 14 September 2012 respectively, have approved the Scheme among the Company, Axis Bank Limited, ASSL (now Axis Capital Limited) and their respective shareholders and creditors. The Scheme has been executed effective 20 October 2012 on filing of the Court order with the Registrar of Companies. From the effective date i.e. 20 October 2012, the Company became a wholly owned subsidiary of Axis Capital Limited ('ACL' which is 100% subsidiary of Axis Bank Limited).

On 20 October 2012, the Board of Directors of the Company and subsequently the shareholders vide their consent letter dated 7 December 2012, had approved the scheme of demerger ('Scheme of Demerger') among ACL, the Company and their respective shareholders and creditors. Under the Scheme of Demerger effective 20 October 2012, the Company has acquired the business of resources management and marketing of third party financial products ('Sales Division') and online retail broking ('Broking Division') of ACL on a going concern basis, having net assets of ₹1,21,53,87,525 against a purchase consideration of 12,15,00,000 equity shares of ₹ 10 each (fully paid up) in the Company discharged to the members of ACL. Further, the High Court, Bombay, vide their Order dated 26 April 2013, has approved the Scheme of Demerger. The Company has filed the high court order with the Registrar of Companies on 21 May 2013. On the effective date (i.e. 25 May 2013), the Company became subsidiary of Axis Bank Limited.

#### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with 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 the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year

#### 2.1 Significant accounting policies

##### Presentation and disclosure of financial statements

##### i. Use of estimates

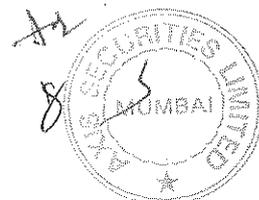
The preparation of financial statements in conformity with accounting principles generally accepted in India requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, 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. Fixed assets including intangible assets

Fixed assets and intangible assets are stated at cost, net off 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 derecognition 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.



## Axis Securities Limited

### Notes forming part of the financial statements

#### iii. Depreciation and amortization

Depreciation on fixed assets is provided using the straight line basis based on the useful lives estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher. The intangible assets (software) are amortized on a straight line basis over a period of five years. The Company has used the following rates to provide depreciation on its fixed assets including intangible assets

	Rates (SLM)	Schedule XIV Rates (SLM)
Improvement to leasehold premises	Upon lease period	1.63%
Electrical fitting & other equipments	10%	4.75%
Furniture and fitting	10%	6.33%
Computer	33.33%	16.21%
Vehicles	25%	9.50%
Software	20%	16.21%
Mobile phone	50%	4.75%
EPBAX	12.5%	4.75%

All fixed assets individually costing less than ₹5000 are fully depreciated in the year of installation.

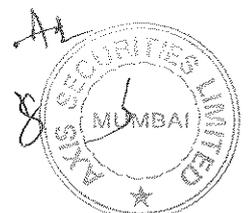
#### iv. Impairment of tangible and intangible assets

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.

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.

#### v. 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.



**Axis Securities Limited**

**Notes forming part of the financial statements**

**vi. 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.

**Business sourcing and resource management**

- Fee income is recognized on the basis of accrual when all the services are performed.

**Brokerage**

- Brokerage income in relation to stock broking activity is recognized on a trade date basis.

- Gains/ losses on dealing in securities are recognized on a trade date basis.

- Income from Super Value Plan to the extent of account opening fees is recognized upfront and balance is amortized over the validity of plan. Income from other existing prepaid plan is recognized on utilization of complementary turnover limit or validity of plan, whichever is earlier.

- The Company collects service tax on behalf of the government and therefore it is not an economic benefit flowing to the Company, hence it is excluded from revenue.

-Selling commissions/ brokerage generated from primary market operations i.e procuring subscriptions from investors for public offerings of companies, mutual funds etc are recorded on determination of the amount due to the company, once the allotment of securities are completed.

**Depository fees**

Depository fees are recognized on completion of the transaction.

**Interest**

-Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest is included under the head 'Other Income' in the Statement of Profit & Loss

**Other Income**

Income from sale of investments in mutual funds is determined on weighted average basis and recognised on the trade date basis

**Portfolio management fees**

Portfolio management fees are accounted on accrual basis as follows:

-In case of fees based on fixed percentage of the corpus/ fixed amount, income is accrued at the end of the quarter/ month.

-In case of fees, based on the returns of the portfolio, income is accounted on each anniversary as per the agreement.

**vii. Stock in trade**

Securities acquired with the intention of holding for short-term holding and trading are classified as stock-in-trade. The securities held as stock-in-trade are valued at lower of cost arrived at on first in first out basis or marketable fair value.

**viii. Retirement and other employee benefits**

a. Retirement benefits in the form of provident fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the provident fund.

b. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation using projected unit credit method, made at each year end. Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss of the year. Actuarial gains/losses are immediately taken to the statement of profit and loss of the year.

c. Accumulated leave, which is expected to be utilized within the next 12 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 reporting date.

d. The 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 year end.



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**Axis Securities Limited**

**Notes forming part of the financial statements**

**ix. Income taxes**

- 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. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.
- 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. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.
- 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. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.
- 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 or virtually 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, as the case may be, 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 reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**x. 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. 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. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

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

**xi. Segment reporting policies**

The business of the Company is divided into two segments: marketing of financial products and resources management (sales) and retail broking (online and offline mode).

**a. Nature of segment:**

- i. Resources management and marketing of financial products: Division is involved in the business of marketing of third party retail asset products including providing resource management services.
- ii. Retail broking: The division is involved in providing retail broking services, distribution of IPO, mutual funds and portfolio management products.

**b. Identification of segment:**

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Company operates in one geography.



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**Axis Securities Limited**

**Notes forming part of the financial statements**

**c. Allocation of common costs:**

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

**d. Unallocated items:**

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

**e. Segment accounting policies:**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**xii. Earnings 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 period.

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 period are adjusted for the effects of all dilutive potential equity shares.

**xiii Provisions**

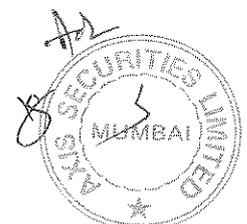
A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions are not discounted to its present 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.

**xiv. Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**xv. Contingent liabilities**

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.



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## 3. Share capital

	31 March 2014 ₹	31 March 2013 ₹
<b>Authorized shares</b>		
150,000,000 (Previous Year 23,000,000) equity shares of ₹10 each	1,500,000,000	230,000,000
Nil (Previous Year 20,00,000) preference shares of ₹100 each (Reclassified into Equity Share Capital vide EGM resolution dated 14 May 2013)	-	200,000,000
<b>Issued, subscribed and fully paid-up shares share capital</b>		
<b>Equity Share Capital</b>		
144,500,000 (31 March 2013: 3,000,000) equity shares of ₹10/- each	1,445,000,000	30,000,000
<b>Preference Share Capital</b>		
Nil (31 March 2013: 2,000,000) preference shares of ₹100/- each	-	200,000,000
<b>Total Issued &amp; Subscribed Share Capital</b>	<b>1,445,000,000</b>	<b>230,000,000</b>

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

## Equity shares

	31 March 2014		31 March 2013	
	No.	₹	No.	₹
At the beginning of the period	3,000,000	30,000,000	3,000,000	30,000,000
Issued during the period on account of conversion of preference shares	20,000,000	200,000,000	-	-
Issued during the period on account of Scheme of Demerger (Refer note 18)	121,500,000	1,215,000,000	-	-
Outstanding at the end of the period	<b>144,500,000</b>	<b>1,445,000,000</b>	<b>3,000,000</b>	<b>30,000,000</b>

## Preference shares

	31 March 2014		31 March 2013	
	No.	₹	No.	₹
At the beginning of the period	20,000,000	200,000,000	2,000,000	200,000,000
Issued during the period	-	-	-	-
Conversion into equity during the period	20,000,000	200,000,000	-	-
Outstanding at the end of the period	-	-	<b>2,000,000</b>	<b>200,000,000</b>

## (b) Terms/ rights 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. 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.

## (c) Terms of conversion/ redemption of Convertible Preference Shares

Each holder of such share can opt to convert its preference shares into equity share which may be mutually agreeable to the Company and the preference shareholders. On Conversion, the Company will issue 10 equity shares of ₹ 10/ each for each preference share of ₹ 100 held. The option to convert the preference shares into equity shares can be exercised from the date of conversion to the date of maturity of the preference shares (i.e. 28 September 2019). If the preference shareholders do not exercise conversion option, all preference shares are redeemable at par on maturity. In the event of liquidation of the Company before conversion/ redemption of preference shares, the holders of the preference shares will have priority over equity shares in the payment of dividend and repayment of capital. This has been converted into equity shares on 25 April 2013.



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**Axis Securities Limited****Notes to Financial Statements for the year ended 31 March 2014****(d) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates**

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

	31 March 2014	31 March 2013
Axis Bank Limited, the holding company and its nominees 144,500,000 (Nil) equity shares of ₹10/- each	1,44,50,00,000	-
Axis Capital Limited, the erstwhile holding company and its nominees Nil (31 March 2013: 3,000,000) equity shares of ₹10/- each	-	3,00,00,000
Axis Capital Limited, the erstwhile holding company Nil (31 March 2013: 2,000,000) preference shares of ₹100/- each	-	20,00,00,000

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

Name of the shareholder	31 March 2014		31 March 2013	
	Nos	%	Nos	%
Axis Bank Limited, the holding company and its nominees (Equity Shares)	144,500,000	100	-	
Axis Capital Limited, the erstwhile holding company and its nominees (Equity Shares)	-	-	3,000,000	100
Axis Capital Limited, the erstwhile holding company and its nominees (Preference Shares)	-	-	2,000,000	100

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**4. Reserve & Surplus****Profit & Loss Account (debit balance)**

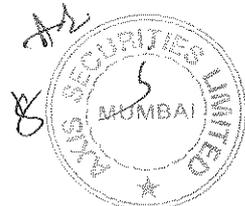
	31 March 2014 ₹	31 March 2013 ₹
Balance as per last financial statements	(15,47,95,369)	(13,07,85,494)
Profit for the year	12,15,49,957	(2,40,09,875)
Net surplus in the statement of profit and loss	(3,32,45,412)	(15,47,95,369)

	31 March 2014 ₹	31 March 2013 ₹
Opening Balance	15,24,90,000	15,24,90,000
Addition during the year	-	-
Closing Balance	15,24,90,000	15,24,90,000

**Capital Reserve**

	31 March 2014 ₹	31 March 2013 ₹
Opening Balance	-	-
Addition during the year (refer note 18)	3,87,525	-
Closing Balance	3,87,525	-

<b>Total Reserves &amp; Surplus</b>	<b>11,96,32,113</b>	<b>(23,05,369)</b>
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5. Other long-term liabilities

	31 March 2014 ₹	31 March 2013 ₹
Deposit received from franchisee	9,173,786	7,227,730
<b>Total</b>	<b>9,173,786</b>	<b>7,227,730</b>

6. Provisions

	Long-term		Short-term	
	31 March 2014 ₹	31 March 2013 ₹	31 March 2014 ₹	31 March 2013 ₹
<b>Provision for employee benefits</b>				
Gratuity payable (refer note 20)	6,849,375	-	5,839,225	668,087
Leave availment payable	159,949	-	21,229,317	104,054
Provision for bonus	-	-	54,406,108	7,573,205
	<b>7,009,324</b>	<b>-</b>	<b>81,474,650</b>	<b>8,345,346</b>
<b>Other provisions</b>				
Leases	7,271,198	9,920	1,509,583	-
<b>Total</b>	<b>14,280,522</b>	<b>9,920</b>	<b>82,984,233</b>	<b>8,345,346</b>

7. Trade payables

	31 March 2014 ₹	31 March 2013 ₹
Trade payables	840,373,093	211,276,737
<b>Total</b>	<b>840,373,093</b>	<b>211,276,737</b>

8. Others current liabilities

	31 March 2014 ₹	31 March 2013 ₹
<b>Other liabilities</b>		
Income received in advance	84,280,902	280,900
<b>Others</b>		
Sundry creditors for capital expenditure	5,743,585	-
Expense creditors		
- Due to holding company	260,568,686	-
- Due to others	65,920,880	4,254,981
Salary & incentive payable	88,245,365	-
Undisputed statutory dues	35,690,918	1,937,143
Others	7,004,983	6,781,429
<b>Total</b>	<b>547,455,319</b>	<b>13,254,453</b>

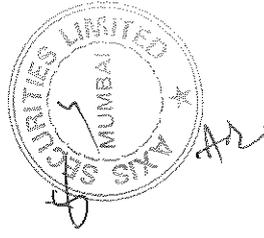


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Axis Securities Limited  
Notes to Financial Statements for the year ended 31 March 2014  
Note 9 : Fixed Assets

Assets	Gross Block						DEPRECIATION			Net Block	
	As at April 1, 2013	Addition on account of acquisition	Additions	Deductions	As at March 31, 2014	As at April 1, 2013	Addition on account of acquisition	Addition	Deductions	As at March 31, 2014	As at March 31, 2013
Tangible assets											
Improvements to leasehold premises	-	30,923,786	43,685,845	9,024,110	65,585,521	-	17,213,217	5,082,377	6,648,691	15,647,103	49,938,418
Furniture	6,379,517	37,495,562	18,246,104	8,794,084	53,327,089	3,099,564	22,757,234	7,313,731	6,225,242	26,945,287	3,279,953
Office equipment	10,024,358	10,923,544	23,372,125	4,925,473	39,394,554	4,378,280	5,166,877	4,083,964	2,856,823	10,772,298	5,646,078
Computers	20,787,455	36,116,278	20,193,115	2,995,906	74,102,942	20,295,027	24,948,456	11,443,998	2,983,295	53,704,185	492,428
	37,191,330	115,459,170	105,497,189	25,737,583	232,410,106	27,777,871	70,085,784	27,934,270	18,714,052	107,068,873	9,418,459
Intangible assets											
Software	6,578,992	105,157,169	8,713,819	2,340,025	118,109,955	6,492,717	46,859,658	21,134,140	2,333,101	72,153,414	45,956,541
Total	43,770,332	270,616,339	174,211,008	28,077,608	350,520,063	34,265,588	116,945,442	49,058,410	21,047,153	179,272,287	171,397,774
Previous Year	46,258,411	-	55,717	2,543,306	43,770,322	30,288,216	-	5,400,454	1,423,082	34,265,588	9,504,734



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## 10. Loans and advances (Unsecured, considered good)

	Non-current		Current	
	31 March 2014 ₹	31 March 2013 ₹	31 March 2014 ₹	31 March 2013 ₹
Capital Advances	57,96,910	-	-	-
A	57,96,910	-	-	-
Security deposit				
-Unsecured, considered good	6,43,84,244	2,76,93,411	3,30,000	-
-Unsecured, considered doubtful	8,81,000	-	-	-
	6,52,65,244	2,76,93,411	-	-
Less: Provision for doubtful receivable	(8,81,000)	-	-	-
B	6,43,84,244	2,76,93,411	3,30,000	-
Advances recoverable in cash or kind	-	-	54,31,165	83,50,403
C	-	-	54,31,165	83,50,403
Other loans and advances				
MAT credit entitlement	83,25,191	-	-	-
Advance income-tax (net) *	31,64,78,030	89,06,675	-	-
Prepaid expenses	23,08,382	-	1,11,55,291	-
Balances with statutory / government authorities	-	-	98,99,565	-
D	32,71,11,603	89,06,675	2,10,54,856	-
<b>Total (A+B+C+D)</b>	<b>39,72,92,757</b>	<b>3,66,00,086</b>	<b>2,68,16,021</b>	<b>83,50,403</b>

\* Includes ₹146,987,804 (net of provision of income tax) receivable from Axis Capital Limited as per Scheme of Demerger. These are receivable upon completion of respective assessment proceeding.

## 11. Trade receivables and other assets

## 11.1 Trade receivables

	Non-current		Current	
	31 March 2014 ₹	31 March 2013 ₹	31 March 2014 ₹	31 March 2013 ₹
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment	-	-	-	-
Unsecured, considered good	-	-	1,69,050	6,08,138
Doubtful	-	-	57,83,018	1,53,000
Provision for doubtful debts	-	-	59,52,068	7,61,138
(A)	-	-	(57,83,018)	(1,53,000)
	-	-	1,69,050	6,08,138
Other receivables				
Unsecured, considered good				
- Due from holding company	-	-	33,09,29,054	-
- Due from others	-	-	44,26,31,499	2,01,55,232
Doubtful	-	-	4,46,503	-
Provision for doubtful receivables	-	-	77,40,07,056	2,01,55,232
(B)	-	-	(4,46,503)	-
	-	-	77,35,60,553	2,01,55,232
<b>Total (A) + (B)</b>	<b>-</b>	<b>-</b>	<b>77,37,29,603</b>	<b>2,07,63,370</b>



OR



**Axis Securities Limited**

**Notes to Financial Statements for the year ended 31 March 2014**

**11.2 Other assets (Unsecured, considered good)**

	Non-current		Current	
	31 March 2014 ₹	31 March 2013 ₹	31 March 2014 ₹	31 March 2013 ₹
Non-current bank balances - Fixed Deposits (note 12)	7,00,00,000	9,40,00,000	-	-
Other receivables	-	-	5,51,81,574	-
<b>Others</b>				
Interest accrued on fixed deposits	28,84,867	16,74,052	7,00,09,665	1,35,13,888
<b>Total</b>	<b>7,28,84,867</b>	<b>9,56,74,052</b>	<b>12,51,91,239</b>	<b>1,35,13,888</b>

**12. Cash and bank balances**

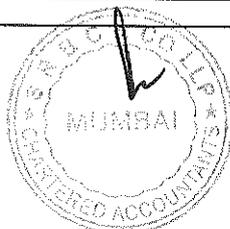
	Non-current		Current	
	31 March 2014 ₹	31 March 2013 ₹	31 March 2014 ₹	31 March 2013 ₹
Cash and cash equivalents				
Balances with banks:				
- On current accounts	-	-	28,85,57,525	8,89,31,668
Cash on hand	-	-	1,15,537	26,804
	-	-	<b>28,86,73,062</b>	<b>8,89,58,472</b>
Other bank balances				
- Deposits with original maturity for more than 12 months	2,00,00,000	9,40,00,000	5,24,01,667	2,00,000
- Deposits with original maturity for more than 12 months under lien	5,00,00,000	-	1,06,40,00,000	8,50,00,000
- Deposits with original maturity for more than 3 months but less than 12 months	-	-	7,91,00,000	2,00,000
- Deposits with original maturity for more than 3 months but less than 12 months under lien	-	-	-	10,90,43,812
	<b>7,00,00,000</b>	<b>9,40,00,000</b>	<b>1,19,55,01,667</b>	<b>19,44,43,812</b>
Amount disclosed under non-current assets (note 11.2)	(7,00,00,000)	(9,40,00,000)		
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,48,41,74,729</b>	<b>28,34,02,284</b>

**13. Revenue from operations**

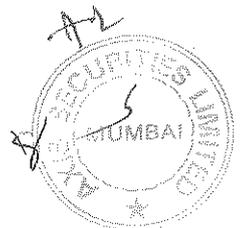
	31 March 2014 ₹	31 March 2013 ₹
Revenue from operations		
1. Income from business sourcing and resource management services	2,50,60,74,035	-
2. Professional Fees	32,71,002	32,64,110
3. Brokerage income	48,53,35,799	9,05,39,715
4. Other operating income	3,13,03,277	1,09,65,948
<b>Total</b>	<b>3,02,59,84,113</b>	<b>10,47,69,773</b>

**14. Other income**

	31 March 2014 ₹	31 March 2013 ₹
Interest income on Bank deposits	11,86,87,693	2,83,23,262
Profit on sale of investments	1,95,787	-
Miscellaneous income	8,900	20,537
Other non operating income	4,71,488	6,80,089
<b>Total</b>	<b>11,93,63,868</b>	<b>2,90,23,888</b>



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**Axis Securities Limited**

Notes to Financial Statements for the year ended 31 March 2014

**15. Employee benefits expense**

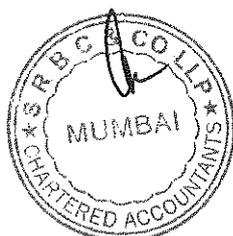
	31 March 2014 ₹	31 March 2013 ₹
Salaries, wages and bonus	2,34,85,22,722	8,30,67,460
Contribution to provident and other funds	13,58,26,891	3,18,011
Staff welfare expenses	60,61,424	9,40,837
Gratuity expense	74,83,163	20,88,670
<b>Total</b>	<b>2,49,78,94,200</b>	<b>8,64,14,978</b>

**16. Finance charges**

	31 March 2014 ₹	31 March 2013 ₹
Bank guarantee commission	4,62,088	-
Interest on overdraft	19,215	3,69,505
<b>Total</b>	<b>4,81,303</b>	<b>3,69,505</b>

**17. Other expense**

	31 March 2014 ₹	31 March 2013 ₹
Rent (premises)	8,57,76,183	41,84,692
Lease rental (computer server)	2,17,57,609	-
Stamp, registration and exchange charges	18,31,437	18,55,724
Franking charges	1,30,99,173	17,300
Advertisement and sales promotion	1,26,78,719	6,68,820
Rates and taxes	66,92,210	5,75,474
Insurance	5,49,882	1,30,250
Housekeeping expenses	92,55,419	-
Security charges	66,62,185	-
Repair and maintenance- others	1,00,35,796	10,51,226
Travelling and conveyance	3,44,44,050	30,67,623
Communication cost	3,91,13,848	87,78,065
Call center cost	2,77,47,563	-
Information technology expenses	7,16,70,532	61,84,879
Loss on sale of fixed assets	10,47,974	9,78,623
Printing & stationery	1,93,22,766	8,36,647
Legal and professional fees	1,26,26,471	17,03,660
Director's sitting fees	22,000	-
<u>Auditors' remuneration (excluding service tax):</u>		
- Audit fee	20,00,000	2,25,000
- OPE	30,000	-
- Taxation	-	25,000
- Limited review audit fees	-	2,52,135
- Certification	-	85,000
Electricity and water charges	1,75,12,381	21,92,569
Office expenses	55,67,995	8,62,048
Membership & subscription fees	72,61,336	16,85,489
Recruitment and training expenses	1,66,10,939	15,000
Miscellaneous expenses	37,15,683	31,12,012
Provision for bad & doubtful debts	24,42,358	-
Acquisition of business expenses	93,53,000	6,00,500
ROC filing fees	75,02,344	14,00,000
Sub - Brokerage	2,58,42,363	2,51,46,194
<b>Total</b>	<b>47,21,72,216</b>	<b>6,56,33,930</b>



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Axis Securities Limited

Notes forming part of the financial statements

18. The Company has acquired certain businesses of ACL effective 20 October 2012 against a purchase consideration of 121,500,000 equity shares of ₹10 each fully paid up aggregating to ₹1,215,000,000 to be issued to the members of ACL (i.e. Axis Bank Limited). Profit of the acquired business of ACL for the period 20 October 2012 to 31 March 2013 have been shown in the statement of profit and loss of the Company for the current year. As per the Honourable High Court order approving the Scheme, the excess of net assets acquired over the purchased consideration amounting to ₹387,525 has been recorded as capital reserve in the financial statements.

The carrying amounts of the total assets and liabilities acquired are as follows:

	19-Oct-12 (₹)
<b>Assets</b>	
Fixed assets net block (including intangible assets)	12,16,61,389
Loans & advances	19,09,20,086
Cash & bank balances	3,41,54,56,324
Trade receivables	46,75,88,730
Other deposits	21,05,21,940
Other current assets	1,78,04,817
<b>Total assets (A)</b>	<b>4,42,39,53,286</b>
<b>Liabilities</b>	
Trade payables	20,62,25,007
Short term borrowings	2,74,00,00,000
Provisions (short term and long term)	3,82,89,163
Creditors for capital expenditure	18,47,622
Other current liabilities	22,22,03,969
<b>Total liabilities (B)</b>	<b>3,20,85,65,761</b>
<b>Net assets (A-B)</b>	<b>1,21,53,87,525</b>
Consideration - 121,500,000 equity shares of ₹10 each fully paid up	(1,21,50,00,000)
<b>Excess of net assets over purchase consideration i.e. capital reserve</b>	<b>3,87,525</b>

The following is the extract profit and loss account of acquired business of ACL for the period 20 October 2012 to 31 March 2013

Particulars	For the period 20 October 2012 to 31 March 2013 (₹)
	Income
Expenditure	(1,12,97,45,673)
Provision for employee termination	-
<b>Profit / (loss) from operating activities</b>	<b>1,32,19,630</b>
Finance costs	(5,82,223)
Depreciation and amortization expense	(1,85,48,800)
<b>Profit / (loss) before tax</b>	<b>(59,11,393)</b>
Income tax expense	93,00,000
Current tax	(9,92,868)
Deferred tax	(1,42,18,525)
<b>Profit/(loss) after tax</b>	<b>(1,42,18,525)</b>



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**Axis Securities Limited**

**Notes forming part of the financial statements**

**19. Leases**

*Operating Lease:*

The Company has entered into agreements in the nature of cancellable and non-cancellable lease / leave and license agreements with different lessors / licensors for the purpose of establishment of office premises, information technology and office equipments. These are generally in the nature of operating leases / leave and licenses.

Generally the lease term is for 3-9 years with the escalation clause of up to 15% for office premises and 2-3 years with fixed lease rentals for computer servers. There are no restrictions imposed by lease arrangements. There are no subleases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2013-14 (₹)	2012-13 (₹)
Minimum lease payments :		
Not later than one year	90,164,900	3,782,000
Later than one year but not later than five years	307,494,362	1,575,000
Later than five years	89,166,399	-
Lease payment for the year	107,869,810	4,174,772

**20. 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 retirement at 15 days salary (last drawn salary) for each completed year of service. The schemes are funded with insurance companies in the form of a qualifying insurance policies.

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)**

	2013-14 (₹)	2012-13 (₹)
Current service cost	4,202,441	1,321,827
Past service cost	1,703,683	-
Interest cost	-	426,086
Actuarial gain/(loss) on plan assets	-	69,387
Expected return on plan assets	(732,936)	(485,711)
Net actuarial (gain)/loss recognized in the year	2,309,975	757,081
Benefits paid	-	-
<b>Net gratuity cost</b>	<b>7,483,163</b>	<b>2,088,670</b>

**Balance sheet**

Details of provision for gratuity

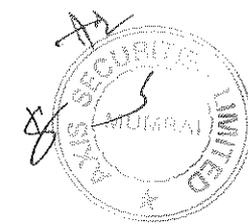
	2013-14 (₹)	2012-13 (₹)
Present value of obligation as at the end of the year	23,681,558	7,111,323
Fair value of plan assets as at the end of the year	10,992,958	6,443,236
Net assets/(liability) recognized in balance sheet	(12,688,600)	(668,087)

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

	2013-14 (₹)	2012-13 (₹)
Opening defined benefit obligation	7,111,323	4,869,559
Past service cost	-	-
Obligation taken over on acquisition	10,528,321	-
Current service cost	4,202,441	1,321,827
Interest cost	1,703,683	426,086
Actuarial (gain)/loss	2,557,627	757,081
Benefits paid	(2,421,837)	(263,230)
<b>Closing defined benefit obligation</b>	<b>23,681,558</b>	<b>7,111,323</b>



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**Axis Securities Limited**

**Notes forming part of the financial statements**

**Change in fair value of plan assets are as follows:**

	2013-14 (₹)	2012-13 (₹)
Opening fair value of plan assets	6,443,236	5,550,980
Asset taken over on acquisition	2,953,379	-
Expected return on plan assets	732,936	485,711
Actuarial gain/(loss)	247,652	(69,387)
Contribution by the employer	3,037,592	739,162
Benefits paid	(2,421,837)	(263,230)
<b>Closing fair value of plan assets</b>	<b>10,992,958</b>	<b>6,443,236</b>

The Company expects to contribute ₹ 5,839,225 to gratuity in the next year.

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

	For the year ended 31 March 2014	For the year ended 31 March 2013
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 are shown below:**

	31-Mar-14	31-Mar-13
Discount rate	8.70%	7.80%
Expected rate of return on assets	7.50%	7.80%
Attrition rate	7.00%	2.00%
Salary escalation rate	7.00%	6.00%

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

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

	31-Mar-14 (₹)	31-Mar-13 (₹)	31-Mar-12 (₹)	31-Mar-11 (₹)	31-Mar-10 (₹)
Defined benefit obligation	23,681,558	7,111,323	4,869,559	3,615,828	(30,85,789) *
Plan assets	10,992,958	6,443,236	5,550,980	4,824,658	(18,58,288) *
Surplus / (deficit)	(12,688,600)	(668,087)	681,421	1,208,830	(12,27,501) *
Experience adjustment on plan liabilities **	2,177,873	757,081	-	-	-
Experience adjustment on plan assets **	247,652	(69,387)	-	-	-

\* The above information is provided to the extent available with the Company

\*\* Information pertaining to experience adjustments for previous year on plan assets and liabilities is not available with the Company.



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**Axis Securities Limited**

**Notes forming part of the financial statements**

- 21.** At the beginning of the year there was no amount payable to any Micro, Small and/or Medium Enterprises as defined under Micro, Small and Medium Enterprise Development Act, 2006. The outstanding balance as on 31 March 2014 and 31 March 2013 are ₹ Nil.

The Company also has not received any claims against interest outstanding amount due to any vendor registered under Micro, Small and Medium Enterprises Development Act, 2006.

- 22. Deferred Tax Asset arising on account of provision for :-**

	31-Mar-14 (₹)	31-Mar-13 (₹)
Deferred tax assets comprise timing difference on account of :		
Depreciation	(5,093,082)	-
Rent- Lease equilisation	2,984,587	-
Provision for doubtful debts	2,416,866	-
Gratuity	4,312,855	-
Acquisition expense allowable in future years	2,890,850	-
<b>Total</b>	<b>7,512,076</b>	<b>-</b>

- 23. Estimated amount of contracts remaining to be executed on capital account and not provided for:**

	31-Mar-14 (₹)	31-Mar-13 (₹)
Commitment for addition/acquisition of broking software	8,456,750	-
Commitment for ERP software	700,000	-
Commitment for leasehold improvement	1,225,000	-
<b>Total</b>	<b>10,381,750</b>	<b>-</b>

- 24. Outstanding bank guarantee issued on behalf of the Company:**

	31-Mar-14 (₹)	31-Mar-13 (₹)
Axis Bank Limited	43,500,000	43,500,000
<b>Total</b>	<b>43,500,000</b>	<b>43,500,000</b>

- 25. Earnings per share ('EPS')**

	2013-2014 (₹)	2012-2013 (₹)
<b>Total operations for the year</b>		
Profit/ (loss) after tax	121,549,957	(24,009,875)
<b>Net profit/ (loss) for calculation of basic and diluted EPS</b>	<b>121,549,957</b>	<b>(24,009,875)</b>
	<b>No.</b>	<b>No.</b>
Weighted average number of equity shares in calculating basic and diluted EPS	143,184,932	3,000,000
<b>Basic earnings per share</b>	<b>0.85</b>	<b>(8.00)</b>
<b>Diluted earnings per share</b>	<b>0.85</b>	<b>(8.00)</b>



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## Notes to Financial Statements for the year ended 31 March 2014

(Currency: ₹)

## 26 Segment information

Business segment	Principal activities
Resources management and marketing of financial products ('Sales Division')	Division is involved in the business of marketing of third party retail asset products including providing resource management services.
Retail broking ('Broking Division')	Share broking (online and offline mode) and other related activities including distribution of IPO and mutual funds and portfolio management services.

For the year ended 31 March 2014

	Sales Division	Retail Broking Division	Total
Segment revenue	2,506,074,035	519,910,078	3,025,984,113
Gross income (external customers)	-	(104,769,773)	(104,769,773)
Other income (external customers)	15,138,139	104,225,729	119,363,868
	-	(29,023,888)	(29,023,888)
Total revenue	2,521,212,174	624,135,807	3,145,347,981
	-	(133,793,661)	(133,793,661)
Operating expenses	2,295,299,002	724,285,127	3,019,584,129
	-	(157,818,867)	(157,818,867)
Unallocated expenses	-	-	22,000
	-	-	-
Profit/(loss) before tax	225,913,172	(100,149,320)	125,741,852
	-	(-24,025,207)	(-24,025,207)
Taxation	-	-	10,026,630
	-	(15,332)	(15,332)
Segment result**	225,913,172	(100,149,320)	135,768,482
	-	(-24,009,875)	(-24,009,875)
Segment assets	904,491,250	2,154,407,816	3,058,899,066
	-	(467,808,817)	(467,808,817)
Segment liabilities	249,743,245	1,244,523,708	1,494,266,953
	-	(240,114,186)	(240,114,186)
Net assets	654,748,005	909,884,108	1,564,632,113
	-	(227,694,631)	(227,694,631)
Fixed assets addition during the year	22,148,304	92,062,704	114,211,008
	-	(55,717)	(55,717)
Depreciation on fixed assets during the year	11,122,314	37,936,096	49,058,410
	-	(5,400,454)	(5,400,454)

\*Figures in the bracket pertains to previous year ended 31 March 2013

Since the Company operates only in one domestic segment, there is no geographical segment reporting.

\*\*While computing Segment result, the loss of the business acquired from ACL for the period 20 Oct 2012 to 31 March 2013 are not considered.




Axis Securities Limited

Notes forming part of the financial statements

27 Related Party Transaction

Names of related parties where control exists irrespective of whether transactions have occurred or not

Ultimate holding company	Axis Bank Limited (w.e.f 25 May 2013)
Holding company	Axis Capital Limited (upto 24 May 2013)
Key Management Personnel	Mr. Arun Thukral (Managing Director & CEO) (w.e.f 1 March 2014) (From 25 May 2013 to 28 Feb 2014 as Joint Managing Director) (From 20 Oct 2012 to 24 May 2013 as Director) Mr. Modan Saha (Director) (w.e.f 1 March 2014) (From 25 May 2013 to 28 Feb 2014 as Joint Managing Director) (From 20 Oct 2012 to 24 May 2013 as Director) Mr. Anand Shaha (Whole Time Director) (w.e.f 1 March 2014) Mr. Ajay Sheth (Director) (Upto 06 June 2013) Mr. Nitin Kapadia (Director) (Upto 06 June 2013)
Fellow Subsidiaries	Axis Capital Limited (w.e.f 25 May 2013) Axis Asset Management Company Limited (w.e.f. 20 October 2012) Axis Private Equity Limited (w.e.f. 20 October 2012) Axis Mutual Fund Trustee Limited (w.e.f. 20 October 2012) Axis Trustee Services Limited (w.e.f. 20 October 2012) Axis U.K. Limited (w.e.f. 20 October 2012) Axis Finance Limited (formerly Axis Finance Private Limited) (w.e.f 20 October 2012) Axis Securities Europe Limited (formerly Enam Securities Europe Limited) Enam International Limited
Person having significant influence and relatives of such persons	Nemish Shah (till 19 October, 2012) Lata Bhansali (till 19 October, 2012) Rekha Nemish Shah (till 19 October, 2012)
Enterprise over which key management personnel or person having significant influence or relative of such person can exercise significant influence	Enam Financial Consultants Pvt Ltd (till 19 October 2012) Reema Business Services Pvt Ltd (till 19 October 2012) Enam Asset Management Co. Pvt Ltd (till 19 October 2012) Enam Insurance Distributor Pvt Limited (till 19 October 2012) Enam Resources Pvt Ltd (till 19 October 2012) Nemish Shah HUF (till 19 October 2012) Enam Holdings Pvt Ltd (till 19 October 2012) Axis Finance Limited (formerly Axis Finance Private Limited) (till 19 October 2012) Sudarshan Securities Pvt Ltd (till 19 October 2012)
Joint Venture of Holding Company	Bussan Auto Finance India Private Limited



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Transaction/Nature of Relationship	Ultimate Holding Company	Transactions with Axis Capital Ltd	Key Management Personnel	Fellow Subsidiary	Enterprise over which personnel can exercise significant influence	Grand Total
<b>Income</b>						
Business sourcing fee income	1,40,11,71,899	-	-	-	-	1,40,11,71,899
Resource management fee	1,01,51,19,608	-	-	-	-	1,01,51,19,608
Resource management fees (Axis Asset Management Company Ltd)	-	-	-	7,84,78,113	-	7,84,78,113
Bank interest	11,78,13,650	-	-	-	-	11,78,13,650
	(1,73,16,620)	-	-	-	-	(1,73,16,620)
Other income	77,900	-	-	-	-	77,900
Other income (Axis Asset Management Company Ltd)	-	-	-	50,244	-	50,244
Other income (Axis Capital Ltd)	-	35,61,978	-	-	-	35,61,978
Brokerage income (Mr. Modan Saha)	-	-	11,723	-	-	11,723
Brokerage income (Mr. Arun Thukral)	-	-	38,595	-	-	38,595
Demat charges (Axis Capital Limited)	-	-	-	-	-	-
	-	(5,618)	-	-	-	(5,618)
<b>Expenses</b>						
Salaries (Mr. Arun Thukral)	78,46,105	-	-	-	-	78,46,105
Salaries (Mr. Modan Saha)	76,09,588	-	-	-	-	76,09,588
Salaries (Mr. Anand Shaha)	-	-	4,39,003	-	-	4,39,003
Salaries (Ajay Sheth)	-	-	11,41,466	-	-	11,41,466
	-	-	(69,99,996)	-	-	(69,99,996)
Salaries (Nitin Kapadia)	-	-	6,83,134	-	-	6,83,134
	-	-	(42,50,004)	-	-	(42,50,004)
Nominee director sitting Fees	16,000	-	-	-	-	16,000
Reimbursement for expenses	5,75,21,764	-	-	-	-	5,75,21,764
Reimbursement for expenses (Modan Saha)	-	-	50,956	-	-	50,956
Reimbursement for expenses (Arun Thukral)	1,94,485	-	7,382	-	-	2,01,867
Bank charges & other charges paid	7,29,059	-	-	-	-	7,29,059
	(8,19,157)	-	-	-	-	(8,19,157)
<b>Other transactions</b>						
Other reimbursement received	32,36,166	-	-	-	-	32,36,166
Other reimbursement received (Axis Capital Ltd)	-	78,95,466	-	-	-	78,95,466
Other reimbursement received (Axis Finance Ltd)	-	-	-	33,078	-	33,078
Reimbursement of operating expenses	-	-	4,33,380	-	-	4,33,380
Advance received	25,00,00,000	-	-	-	-	25,00,00,000
Transfer of assets & liabilities (net) on demerger	-	1,21,53,87,525	-	-	-	1,21,53,87,525
Fixed assets- wdv reimbursement	39,61,682	-	-	-	-	39,61,682
Purchase of fixed assets (Axis Capital Ltd)	-	5,00,000	-	-	-	5,00,000



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Transaction/Nature of Relationship	Ultimate Holding Company	Holding Company	Key Management Personnel	Fellow Subsidiary	Enterprise over which personnel can exercise significant influence	Grand Total
<b>Brokerage, professional fees &amp; DP charges received</b>						
Enam Financial Consultants Pvt Ltd	-	-	-	-	-	-
Reema Business Services Pvt Ltd	-	-	-	-	(2,01,200)	(2,01,200)
Enam Asset Management Co. Pvt Ltd	-	-	-	-	(1,14,137)	(1,14,137)
Others	-	-	-	-	(14,55,655)	(14,55,655)
<b>Guarantees received during the year</b>	-	-	-	-	(1,15,416)	(1,15,416)
	(4,35,00,000)	-	-	-	-	(4,35,00,000)
<b>Outstanding balance as at 31 March 2014</b>						
Axis Bank Limited- Gaurantee received	4,35,00,000	-	-	-	-	4,35,00,000
Other Payables	(4,35,00,000)	-	-	-	-	(4,35,00,000)
Accounts receivable-for services rendered	33,09,29,048	-	-	-	-	33,09,29,048
Accounts receivable-for services rendered- (Axis Asset Management Company Ltd)	-	-	-	83,28,874	-	83,28,874
Other receivables	19,87,744	-	-	-	-	19,87,744
Other receivables (Axis Finance Ltd)	-	-	-	5,711	-	5,711
Current account	27,08,85,127	-	-	-	-	27,08,85,127
	2,59,42,322	-	-	-	-	2,59,42,322
Fixed deposit balance	1,33,83,96,183	-	-	-	-	1,33,83,96,183
	27,07,89,536	-	-	-	-	27,07,89,536
Margin deposit	-	-	-	-	-	-
	47,85,000	-	-	-	-	47,85,000

**Notes**

- 1) As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors are not included above.
- 2) Related party relationship have been identified by the Management and relied upon by the Auditors.
- 3) There is no transaction during the year with Joint Ventures and Associates.
- 4) Figures in bracket represents corresponding amount of previous year.




## Notes forming part of the financial statements

## 28. Contingent liability :

Claims against the Company not acknowledged as debt

(Amount in ₹)

Nature of statute	Description	Forum where dispute is pending	As on 31 March 2014	As on 31 March 2013
Stamp Act*	Penalty on Stamp Duty	MP High Court	1,813,193	1,813,193
Income Tax*	Penalty	ITAT	6,339,561	-

\* The Company is contesting the demands and the management believes that its position will likely be upheld in the appellate process. No penalty has been accrued in the financial statements for the demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

## 29. (a) Opening and closing stock

Category	Opening Stock		Closing Stock	
	Quantity	Value	Quantity	Value
Equity shares	Nil	Nil	Nil	Nil

## (b) Purchase and sale

Category	Purchase		Sale	
	Quantity	Value	Quantity	Value
Equity shares	55,124	14,706,361	55,124	14,701,070
	(160,012)	(22,145,613)	(160,012)	(22,105,449)
Derivatives	751,250	14,644,977	751,250	14,639,739
	(14,375)	(1,693,444)	(14,375)	(1,693,350)

## 30. Previous year comparatives

In view of the acquisition of business with effect from 20 October 2012, as mentioned in the note 2, the figures for the current year are not comparable with corresponding figures of the previous year and figures have been regrouped wherever necessary. The previous year figures have been audited by another firm of chartered accountants.

For and on behalf of the Board of Directors



Arun Thukral  
Managing Director & CEO

Anand Shaha  
Whole-time Director

Kunal Shah  
Company Secretary