

DIRECTORS' REPORT

DEAR MEMBERS

The Directors are pleased to present the 10th Annual Report on the business and operations of the Company along with the Audited Financial Statements for the financial year ended March 31, 2016.

FINANCIAL PERFORMANCE:

During the year, the Company achieved a total income of Rs. 5,618,870,054/-

The Financial Results of the Company for the year ended March 31, 2016 are given below:

(Figures in Rs.)

Particulars	2015-16	2014-15
Operating Income (A)	5,505,520,934	4,417,680,629
Interest Income on Fixed Deposits and Miscellaneous Income (B)	113,349,120	131,716,841
Total Income (A)+(B)	5,618,870,054	4,549,397,470
Operating Expenses	4,988,677,457	3,817,183,133
Profit/(Loss) before Depreciation, provisions for tax	630,192,597	732,214,337
Depreciation	81,508,480	62,945,636
Provisions for Tax	191,857,152	228,604,743
Profit / (Loss) After Tax	356,826,965	440,663,958
Surplus in Statement of profit and loss account	190,679,171	(33,245,412)
Appropriation		
Transfer to General Reserve	36,000,000	-
Dividend	144,500,000	180,625,000
Dividend Distribution Tax	29,416,800	36,114,375
Balance carried to Balance Sheet	337,589,336	190,679,171

BUSINESS OVERVIEW & REVIEW OF OPERATIONS

In Financial Year (FY) 2015-16 BSE Sensex corrected by ~9% amid commodity, crude price correction, weak global sentiments following the deflationary trends in developed economies & delay in improvement in corporate earnings. Failure in monsoon for two consecutive years led to tepid demand from both rural & urban side of the economy. Sharp drop in crude oil prices from upwards of \$100/bbl to sub \$50/bbl has been a boon in disguise for Indian economy leading to contained current account deficit; controlled inflation has helped the central bank to cut policy rates by 75 bps over the last year. The Retail investors have kept faith in Equity as an asset class despite the volatility & have taken both direct Equity and Mutual Fund route to invest. The outflows from FII's have been more than compensated by the investments by retail & domestic institutions.

The Company's Retail Broking business made a Net Profit of Rs. 25.03 crores for the FY 2015-16. Total Revenue for the FY 2015-16 from Retail Broking business stood at Rs. 130.17 crores as against Rs. 123.85 crores in FY 2014-15. Customer acquisition in FY 2015-16 was Rs. 3.17 lacs as against Rs. 2.38 lacs. Total number of Unique Customers Trading on Axis Direct platform increased by 55% i.e. to Rs. 2.07 lacs from Rs. 1.33 lacs in the previous year.

The Company's Retail Assets business has continued to grow steadily. The Company continued to increase its spread by widening its geographical reach by opening new branches, which is critical for tapping the high potential and untapped markets.

The Company has done total Retail Assets business of Rs. 24,087 crores in FY 2015-16, the details of main business segments are as follows:

Sr. No.	Product	FY 2014-15 (Rs. in crores)	FY 2015-16 (Rs. in crores)	% Growth
1.	Home Loan	10014	10750	7
2.	Loan Against Property	2731	3112	14
3.	Personal Loan	3886	6059	56
4.	Auto Loan	3396	4166	23

The Company has contributed 64% to the overall Retail Assets business of Axis Bank Limited in FY 2015-16. The Home Loans contribution stands at 55%, Loan against Property at 56%, Personal Loans at 76% and Auto Loans at 85%.

In FY 2015-16, the Small and Medium Enterprise (SME) business witnessed a 38% Year on Year (YoY) growth with Rs. 3043 crores as compared to Rs. 2200 crores in FY 2014-15, whereas the Credit Card business has grown by 45% in the number of cards issued to 775,961 as compared to 533,982 customers in FY 2014-15. The EEG business has shown a YoY growth of 183% with Rs. 1372 crores disbursed in FY 2015-16 as compared to Rs. 484 crores in FY 2014-15.

DIVIDEND

During the financial year 2015-16, the Board of Directors declared and paid an Interim Dividend at the rate of Re. 1/- per equity share of Rs. 10/- each, absorbing a sum of Rs. 144,500,000/- towards dividend amount and Rs. 29,416,800/- towards Dividend Distribution Tax. The Directors are pleased to recommend confirmation of the said interim dividend to be the Final Dividend for the financial year 2015-16. The Dividend, if approved by the Members at the Annual General Meeting, shall be the final dividend for the financial year 2015-16.

GENERAL RESERVE

The Company has also transferred a sum of Rs. 3,60,00,000/- to the General Reserve account.

MATERIAL CHANGE AND COMMITMENT

In terms of the information required under Sub-section (3)(I) of Section 134 of the Companies Act, 2013 ("the Act"), it is to be noted that no material changes and commitments, affecting the financial position of the Company has occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of the Directors Report.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return as provided under sub-section (3) of Section 92 of the Act in Form - MGT 9 is enclosed herewith as **Annexure A**.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

In terms of the information required under Section – 134 of the Act and Clause – 8 of the Companies (Accounts) Rules, 2014 it is to be noted that there is no significant and material order passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

STATEMENT INDICATING DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY INCLUDING IDENTIFICATION THEREIN OF ELEMENTS OF RISK

Risk Management is a key function in a Stock Broking company. Real-time monitoring of overall exposure of the Company is required from the point of view of Risk Control. In volatile markets, robust Risk Management policies are must. The Company has adopted a comprehensive Risk Management Policy identifying various elements of risks, risk parameters and risk containment measures. The Company has automated risk management systems in place. The risk system monitors various trades and positions of the clients on real-time basis with the help of real time data feeds from Exchanges. The system also generates automated alerts in case of specified events based on the set parameters. A dedicated risk team monitoring the risk systems acts promptly on all such alerts.

Client defaults in paying up the losses arising out of client positions poses significant risk, which in the opinion of the Board may threaten the existence of the Company. Other identified risks are system malfunction, frauds, adverse regulatory action against the Company etc.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations, and that all assets and resources are acquired economically, used efficiently and protected adequately.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has adopted the code of conduct for employee and also directors for the highest degree of transparency, integrity, accountability and corporate social responsibility. Any actual or potential violation of the Code would be a matter of serious concern for the Company.

The Company has also in place a Whistleblower Policy ('the Policy') which aims to set up a mechanism that enables employees to report about actual or potential illegal and/or

unacceptable practices. The policy is designed to enable employees, to raise concerns to Whistleblower Committee, without revealing his/her identity, if he/she chooses to do so and to disclose information which the individual believes, shows malpractice or wrongdoing which could affect the business or reputation of the Company.

The Policy is to provide framework for an effective vigil mechanism and to provide protection to employees or directors reporting genuine concerns.

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

BOARD OF DIRECTORS, MEETINGS, EVALUATION ETC.

Board of Directors:

During the year under review, Mr. Jagdish Master (DIN 00202500), Independent Director of the Company has resigned from the Board of Directors of the Company with effect from February 22, 2016. The Directors place on record their warm appreciation for valuable contributions made by Mr. Jagdish Master, the outgoing Director. The Company is in the process of appointing a new Independent Director on its Board.

Mr. Rajiv Anand (DIN 02541753) retires by rotation and, being eligible, offers himself for re-appointment.

Number of Meetings:

During the year, the number of Board, Committee and General Meetings convened are as follows:

Sr. No.	Type of Meeting	Number of meetings
1.	Board Meeting	5
2.	Audit Committee Meeting	4
3.	Nomination & Remuneration Committee Meeting	1
4.	Corporate Social Responsibility Committee Meeting	2
5.	Risk Management Committee Meeting	4
6.	Executive Committee Meeting	0
7.	General Meeting	1
8.	Independent Directors Meeting	1

The intervening gap between the Meetings was within the period prescribed under the Act.

Annual Evaluation:

The Formal Annual Evaluation has been made as follows:

Evaluation of the Board was made by a Separate Meeting of Independent Directors held under Chairmanship of Mr. Jagdish Master, Independent Director (without attendance of non – Independent Director and members of the Management) on February 2, 2016.

Performance evaluation of non – Independent Directors namely Mr. Rajiv Anand, Mr. Jairam Sridharan, Mr. Ramesh Kumar Bammi, Mr. Arun Thukral and Mr. Anand Shaha was done by meeting of Independent Directors.

Evaluation of Independent Directors namely Mr. Jagdish Master and Ms. Nithya Easwaran was done (excluding the Director who was evaluated) by the Board of Directors of the Company.

Declaration by Independent Director:

The Company has received the declarations from its Independent Directors that they meet the Criteria of Independence as laid down under Section 149(6) of the Act.

Key Managerial Personnel:

During the year under review, Ms. Lovelina Cecil Faroz (ACS 23148) was appointed as Company Secretary with effect from October 28, 2015.

During the year under review, Ms. Shilpi Jaiswal submitted her resignation from the position of Company Secretary of the Company with effect from September 12, 2015.

SHARE CAPITAL

During the year, there was no change in the Authorised, Issued, Subscribed and Paid – Up Share Capital of the Company.

PUBLIC DEPOSITS

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

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTFLOWS

Information as per Section 134(3)(m) of the Act relating to the Conservation of Energy and Technology Absorption is not given since the Company is not engaged in any manufacturing activity.

During the year under review, the Company has spent Rs. 3,753,567/- (Rupees Thirty Seven Lacs Fifty Three Thousand Five Hundred Sixty Seven only) in Foreign exchange towards technology and related expenses. The Company has not earned any foreign exchange. The details of the Foreign exchange outflow are enclosed in **Annexure B**.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT UNDER SECTION- 186

The Company has not given any Loan, Guarantee or made Investment under Section 134(3)(g) of the Act.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES UNDER SUB – SECTION (1) OF SECTION 188

Information as per Section 134(3)(h) of the Act relating to the particulars of Contracts or Arrangements with Related Parties under Sub – Section (1) of Section 188 is as mentioned below:-

All Related Party Transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There are no materially significant

Related Party Transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all Related Party Transactions are placed before the Audit Committee.

None of the Directors has any pecuniary relationship or transactions vis-à-vis the Company. Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form - AOC - 2 is enclosed herewith as **Annexure C**.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER COMPANIES ACT, 2013 AND COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The statement containing particulars of employees required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in **Annexure D** and forms part of this report. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Axis Securities Limited (ASL) recognized the importance of good corporate governance and corporate social responsibility in promoting and strengthening the trust of its clients, employees, society and other stakeholders. The Company's Corporate Social Responsibility (CSR) activities reflect its philosophy of helping to build a better, more sustainable society by taking into account the societal needs of the Community.

ASL's CSR Policy has been framed in accordance with Section 135 of the Companies Act, 2013 and the rules framed thereunder. The policy shall apply to all CSR programs undertaken/sponsored by ASL executed through its Holding Company's Axis Bank Foundation or through any other Trust/NGO.

As part of its initiatives under "Corporate Social Responsibility" (CSR), the Company has participated in two projects namely Pradan and Kherwadi Social Welfare Association (KSWA) for Yuva Parivartan. Project Pradan was directed towards creating sustainable farm based livelihoods and enhancing family income of SHG families in Madhya Pradesh & Chhattisgarh, whereas Project KSWA was directed towards providing vocational training to school drop outs, assisting in job placements and encouraging self-employment amongst the youth in Marathwada & Vidarbha regions of Maharashtra. These projects are largely in accordance with Schedule VII of the Act.

During the year under review, the Company has spent Rs. 53,00,000/- towards CSR activity undertaken through Axis Bank Foundation, for detailed report refer **Annexure E**.

POLICY OF THE NOMINATION AND REMUNERATION COMMITTEE

The Company has a Nomination and Remuneration Policy formulated in compliance with Section 178 of the Act read along with the applicable rules thereto as amended from time to time. The policy shall apply to all Directors (Executive and Non-Executive), Key Managerial Personnel and Senior Management. The Policy laid down the roles of the Committee, criteria for appointment of Directors, Key Managerial Personnel and Senior Management and parameters for determining the remuneration of Directors, Key Managerial Personnel, Senior Management and other employees, etc.

DIRECTORS RESPONSIBILITIES STATEMENT

Pursuant to sub-section (5) of Section 134 of the Act, 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.
- 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 at the end of the Financial Year and of the profit of the Company for the year ended March 31, 2016.
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Act 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.
- v. The directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- vi. Proper system has been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

COMPLIANCES

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

AUDITORS'

i. Statutory Auditors':

Pursuant to the provisions of Section 134 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the Company has appointed M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, Mumbai as the Statutory Auditors of the Company to hold office from the conclusion of 10th Annual General Meeting until the conclusion of the 12th Annual General Meeting of the Company subject to ratification of such appointment in every Annual General Meeting till such 12th Annual General Meeting.

ii. Secretarial Auditors':

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Ms. Jayshree S. Joshi, Proprietress of M/s Jayshree Dagli & Associates, Company Secretaries, to undertake the Secretarial Audit of the Company for the financial year under review. The Report of the Secretarial Audit Report is annexed herewith as **Annexure F**.

iii. Internal Auditor':

Pursuant to the provisions of Section 138 of the Companies Act, 2013 and the Companies (Accounts) Rules, 2014, the Company had appointed M/s. M. M. Nissim & Co., Chartered Accountants to undertake the Internal Audit of the Company for the financial year under review.

CORPORATE GOVERNANCE

The Company's policy on Corporate Governance is as under:

- 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.
- iii. To also identify and recognise accountability, transparency and equality of treatment for all stakeholders, as central tenets of good corporate governance.

FUTURE OUTLOOK

Fiscal discipline through strict targets for fiscal deficit & intent to achieve the same through legislative means of Adhaar Bill (targeted delivery of financial & other subsidies, benefits & services) has been a milestone achievement of Budget FY 17 of the Country.

Equipped with improving balance sheet, controlled inflation, dropping yield curve & Government's investment push in infrastructure, agriculture & rural economy could help the economy traverse the targeted 7.5% to 8% GDP growth. Rising strength of the ruling party in the upper house will enable the smooth passage of legislations to improve the ease of doing business viz., Bankruptcy Code Bill, widen tax receipts viz., GST.

The conditions favouring good monsoon are in place at this stage, would be confirmed by late May 2016. Good monsoon followed by bountiful harvest would lead to improved consumption in rural part of the Country. Disbursal of Pay Commission award coupled with industrial growth would stoke consumption drive in the urban segment. Consumption led demand would enable expansion of economic activities multifold & hence, improved earnings for Equity Markets.

Indian indices are currently trading at near mean levels viz., at 15 times FY 17, neither at too lofty valuations nor very cheap. Economic recovery led by consumption can be expected post monsoons. Headwinds do exist from global markets viz., weak European Banks, Britain's



referendum on exit from the European Union, US rate hikes & geo-political tension among Korea's, Middle East etc.

Overall, Government action indicates the process is on to clear the road for growth by removing impediments and creating an atmosphere for growth. Developed nations possess deluge of liquidity but tepid growth prospects, contrast to India with visible growth and limited capital. An atmosphere for growth will attract capital from developed nations and help improve the corporate earnings cycle eventually.

The Retail Lending Industry has grown at a fast pace in recent times owing to increase in disposable income, awareness for loan products and ease of loan availability along with customer friendly Government policies to facilitate better off take of loans.

The introduction of the various Government initiatives and policies like the Real Estate Bill, Housing for all by 2022, REIT will provide the much needed impetus to the Mortgages Finance market. The positive outlook on the Indian Economy and the upscale movement in the basic standard of living of the young urban population in the tier-I and tier-II cities will be instrumental in driving the Personal Loans, Auto Loans and Credit Cards business. The 'Make in India' program launched by the Government will further boost the SME and EEG market.

The new RBI guideline on calculating the benchmark lending rate i.e. Marginal Cost of funds based Lending Rate (MCLR) has come to effect from April, 2016. Under MCLR the Bank will pass on the rate benefit to the existing as well as new customer thereby making borrowing more attractive and lucrative for the borrowers.

ACKNOWLEDGEMENT

Your Directors would like to express their gratitude for all the guidance and co-operation received from its holding company - Axis Bank Limited. Your Directors would like to place on record their gratitude to the esteemed Clients, Bankers, Financial Institutions, Suppliers, Advisors, Securities and Exchange Board of India (SEBI), National Stock Exchange of India Limited (NSE), Bombay Stock Exchange (BSE), National Securities Depository Limited (NSDL), Central Depository Services (India) 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

RAJIV ANAND
(DIN: 02541753)
CHAIRMAN

Place: Mumbai
Date: April 14, 2016

Form No. MGT-9
**EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2016**

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

I. REGISTRATION AND OTHER DETAILS

i.	CIN	:	U74992MH2006PLC163204
ii.	Registration Date	:	21/07/2006
iii.	Name of the Company	:	Axis Securities Limited
iv.	Category / Sub-Category of the Company	:	Public Unlisted Company
v.	Address of the Registered office and contact details	:	Axis House, 8 th Floor, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai – 400 025, Maharashtra, India. Telephone No - 022 24252009 Email id – lovelina.faroz@axissecurities.in
vi.	Whether listed company	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	M/s. Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad – 500 008, India Telephone No - +91 040 67161604

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Business sourcing and resource management	99831130	76.83%
2.	Brokerage on securities	99715210	23.17%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	%of shares Held	Applicable Section
1.	Axis Bank Limited Trishul, 3 rd Floor, Opp Samartheshwar Temple, Law Garden Ellisbridge, Ahmedabad - 380006	L65110GJ1993PL C020769	Holding	99.999958 %	2(46)
2.	Axis Capital Limited Axis House, 8th floor, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400025	U51900MH2005P LC157853	Fellow Subsidiary	NIL	2(6)
3.	Axis Finance Limited Axis House, Ground floor, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400025	U65921MH1995P LC212675	Fellow Subsidiary	NIL	2(6)
4.	Axis Asset Management Company Limited Axis House, 1st floor, C-2, Wadia International centre, Pandurang Budhkar Marg, Worli, Mumbai - 400025	U65991MH2009P LC189558	Fellow Subsidiary	NIL	2(6)
5.	Axis Private Equity Limited Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400025	U66020MH2006P LC165039	Fellow Subsidiary	NIL	2(6)
6.	Axis Mutual Fund Trustee Limited Axis House, 1st floor, C-2, Wadia International centre, Pandurang Budhkar	U66020MH2009P LC189325	Fellow Subsidiary	NIL	2(6)

	Marg, Worli, Mumbai - 400025				
7.	Axis Trustee Services Limited Axis House, 2 nd Floor, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400025	U74999MH2008P LC182264	Fellow Subsidiary	NIL	2(6)
8.	Axis Bank U.K. Limited Kings House, (4th Floor), 36-37, Kings Street, London, England.	7554558	Fellow Subsidiary	NIL	2(6)
9.	Axis Securities Europe Limited 10 Orange Street, WC2H 7DQ, London, England	5540630	Fellow Subsidiary	NIL	2(6)

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

i. Category - wise Share Holding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoter									
S									
(1) Indian									
g) Individual/ HUF	---	---	---	---	---	---	---	---	---
h) Central Govt	---	---	---	---	---	---	---	---	---
i) State Govt(s)	---	---	---	---	---	---	---	---	---
j) Bodies Corp.	---	---	---	---	---	---	---	---	---
k) Banks / FI	144,499,934	6	144,499,940	99.999958 %	144,499,934	6	144,499,940	99.999958 %	NIL
l) Any Other...	---	---	---	---	---	---	---	---	---
Sub-total (A) (1):-	144,499,934	6	144,499,940	99.999958 %	144,499,934	6	144,499,940	99.999958 %	NIL
(2) Foreign									
a) NRIs - Individuals	---	---	---	---	---	---	---	---	---
b) Other - Individuals	---	---	---	---	---	---	---	---	---
c) Bodies Corp.	---	---	---	---	---	---	---	---	---
d) Banks / FI	---	---	---	---	---	---	---	---	---
e) Any Other....	---	---	---	---	---	---	---	---	---

Sub-total (A) (2):-	---	---	---	---	---	---	---	---	---
Total shareholding of Promoter (A) = (A) (1) + (A) (2)	144,499,934	6	144,499,940	99.999958 %	144,499,934	6	144,499,940	99.999958 %	NIL
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	---	---	---	---	---	---	---	---	---
b) Banks/ FI	---	---	---	---	---	---	---	---	---
c) Central Govt	---	---	---	---	---	---	---	---	---
d) State Govt(s)	---	---	---	---	---	---	---	---	---
e) Venture Capital Funds	---	---	---	---	---	---	---	---	---
f) Insurance Companies	---	---	---	---	---	---	---	---	---
g) FIs	---	---	---	---	---	---	---	---	---
h) Foreign Venture Capital Funds	---	---	---	---	---	---	---	---	---
i) Others (specify)	---	---	---	---	---	---	---	---	---
Sub-total (B)(1):-	---	---	---	---	---	---	---	---	---
2. Non- Institutions									
a) Bodies Corp.	---	---	---	---	---	---	---	---	---
i) Indian	---	---	---	---	---	---	---	---	---
ii) Overseas	---	---	---	---	---	---	---	---	---
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	---	60	60	0.000042%	---	60	60	0.000042 %	NIL
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	---	---	---	---	---	---	---	---	---
c) Others (specify)	---	---	---	---	---	---	---	---	---
Sub-total (B)(2):-	---	60	60	0.000042%	---	60	60	0.000042%	---
Total Public Shareholding (B)=(B)(1) + (B)(2)	---	60	60	0.000042%	---	60	60	0.000042%	---
C. Shares	---	---	---	---	---	---	---	---	---

held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	144,499,934	66	144,500,000	100%	144,499,934	66	144,500,000	100%	---

ii. Share Holding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Axis Bank Limited	144,499,940	99.999958 %	---	144,499,940	99.999958 %	---	---
	Total	144,499,940	99.999958 %	---	144,499,940	99.999958 %	---	---

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

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of The year	-	-	-	-
	Datewise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /	-	-	-	-

	transfer / bonus/ sweat equity etc):				
	At the End of the year	-	-	-	-

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

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	%of total shares of the Company	No. of shares	%of total shares of the Company
	At the beginning of The year	50	0.000035%	50	0.000035%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	02/02/2016 10 equity shares held by Mr. Sanjeev Kumar Gupta, were transferred to Mr. Rajiv Anand, Director of the Company.	0.000007%	10	0.000007%
		10 equity shares held by Mr. Parthasarathi Mukherjee, were transferred to Mr. Jairam Sridharan, Director of the Company.	0.000007%	10	0.000007%
	At the End of the year (or on the date of separation, if separated during the year)	30	0.000021%	30	0.000021%

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	%of total shares of the Company	No. of shares	%of total shares of the Company
	At the beginning of The year	10	0.000007%	10	0.000007%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	02/02/2016 10 equity shares held by Mr. Sanjeev Kumar Gupta, were transferred to Mr. Rajiv Anand, Director of the Company.	0.000007%	10	0.000007%
		10 equity shares held by Mr. Parthasarathi Mukherjee, were transferred to Mr. Jairam Sridharan, Director of the Company.	0.000007%	10	0.000007%
	At the End of the year	30	0.000021%	30	0.000021%

V. INDEBTEDNESS:

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness

Indebtedness at the beginning of the financial year	-	-	-	-
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year	-	-	-	-
• Addition				
• Reduction (Maximum outstanding of Overdraft facility Rs. 9,81,00,000)				
Net Change	-	-	-	-
Indebtedness at the End of the financial year	-	-	-	-
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Sr. no.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Arun Thukral, Managing Director & CEO	Anand Kumar Shaha, Whole Time Director	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	10,012,542	7,122,568	17,135,110
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-

4.	Commission - as %of profit	-	-	-
5.	Others, please specify	-	-	-
	Total (A)	10,012,542	7,122,568	17,135,110
	Ceiling as per the Act	5 % of the net profit	5 % of the net profit	10% of the net profit

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Rajiv Anand	Jairam Sridharan	Jagdish Master	Nithya Easwaran	Ramesh Kumar Bammi	
1.	Independent Directors • Fee for attending board committee meetings • Commission • Others, please specify	-	-	450,000	600,000	-	10,50,000
	Total (1)	-	-	450,000	600,000	-	10,50,000
	4. Other Non-Executive Directors • Fee for attending board committee meetings • Commission • Others,	-	-	-	-	300,000	300,000
	Total (2)	-	-	-	-	300,000	300,000

	Total (B)=(1+2)	-	-	450,000	600,000	300,000	1350,000
	Total Managerial	-	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-	1% of the net profit

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

Sr. no.	Particulars of Remuneration	Key Managerial Personnel				
		CEO	Ms. Shilpi Jaiswal, Company Secretary (01.04.2015-12.09.2015)	Ms. Lovelina Faroz, Company Secretary (28.10.2015-31.03.2016)	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	454,165	486,117	3,068,292	4,008,574
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of profit	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	Total	-	454,165	486,117	3,068,292	4,008,574

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/Court]	Appeal made, if any (give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For Axis Securities Limited


Rajiv Anand
 (DIN: 02541753)
 CHAIRMAN

Place: Mumbai
 Date: April 14, 2016

PARTICULARS OF FOREIGN EXCHANGE OUTFLOWS

Name of the Party	Particulars of Purpose	Amount of outflow (in Rupees) 2015-16
Shutterstock Inc	Subscription for obtaining images towards printing materials	247,859
Microsoft Regional Sales Corporation	Email Subscription	360,367
Citrix Online AUS PTY Ltd.	Online web Conference Subscription	1,994,049
Screener	Technical subscription for research	650,000
Grand Excelsior Hotel	Traveling Expenses – Investor Meeting, Dubai	477,048
Total		3,729,323
	FY 14-15	3,810,871

For Axis Securities Limited

Rajiv Arand
(DIN: 02541753)
CHAIRMAN
Place: Mumbai
Date: April 14, 2016

FORM AOC - 2

(Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

1. Details of contracts or arrangements or transactions not at arm's length basis

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

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

a)	Name (s) of the related party and nature of relationship	:	1. Axis Finance Limited (Fellow Subsidiary) 2. Axis Asset Management Company Limited (Common Director / Fellow Subsidiary)
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			3. Axis Bank Limited (Holding Company) 4. Axis Capital Limited (Common Director /Fellow Subsidiary)
b)	Nature of contracts/arrangements/transactions	:	1. Availing and Rendering of services 2. Availing and Rendering of services 3. Availing and Rendering of services 4. Availing and Rendering of services
c)	Duration of the contracts / arrangements / transactions	:	1. Continuous 2. Continuous 3. Continuous 4. Continuous
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	:	1. Refer Financial statements
e)	Date (s) of approval by the Board, if any	:	1. 13.04.2015 2. 28.10.2015
f)	Amount paid as advances, if any	:	NIL

For Axis Securities Limited



Rajiv Anand
 (DIN: 02541753)
 CHAIRMAN

**PARTICULARS OF EMPLOYEES IN TERMS OF THE COMPANIES (APPOINTMENT AND REMUNERATION
OF MANAGERIAL PERSONNEL) RULES, 2014**

Sr. No.	Name of the Employee	Designation of the employee	Remuneration received (Amt. in Rs.)	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment	The age of such employee	The last employment held by such employee before joining the company;	The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above; and	Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager
1.	Mr. Anand Shaha	Whole Time Director	7,120,164	Full Time	23 years of experience. Bachelor's Degree in Commerce from Andhra University, and is a qualified Chartered Accountant	May, 2010	50 years	Fullerton Securities & Wealth Advisors Limited	---	---
2.	Mr. Amit Golia	General Manager, Product, Strategy & Marketing	7,629,859	Full Time	15 years of experience. PGDDBA (Marketing) from Welinkers Institute of Management	June, 2011	40 years	Motilal Oswal Securities Limited	---	---
3.	Mr. Nitin Kapadia (Resigned w.e.f. February 2, 2016)	General Manager	5,664,714	Full Time	26 years of experience LLB	September, 2004	44 years	CDSL	---	---

For Axis Securities Limited


Rajiv Anand
 (DIN: 02541753)
CHAIRMAN

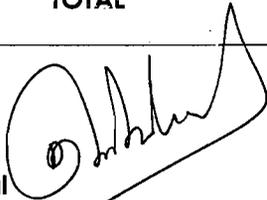
Place: Mumbai
Date: April 14, 2016

Annual Report on CSR Initiatives Pursuant to Section 135 of the Act & Rules made thereunder

1.	Brief Outline of the CSR Policy	:	The Company's Corporate Social Responsibility (CSR) activities reflect its philosophy of helping to build a better, more sustainable society by taking into account the societal needs of the Community. For detailed policy, please refer our website www.axissecurities.in
2.	The Composition of the CSR Committee	:	Mr. Ramesh Kumar Bammi – Chairman Mr. Arun Thukral - Member Mr. Jairam Sridharan – Member Ms. Nithya Easwaran – Member (Independent Director)
3.	Average Net Profit of the Company for last 3 financial years	:	Rs. 259,615,559/-
4.	The Prescribed CSR expenditure (2% of amount)	:	Rs. 53,00,000/-
5.	Details of CSR activities/projects undertaken during the year: a. Total amount to be spent for the financial year b. Amount unspent, if any c. Manner in which amount is spent	:	Not exceeding Rs. 60,00,000 /- NIL *
6.	Reason for not spending the amount	:	NIL
7.	Responsibility statement by the CSR Committee that the CSR Committee states that the implementation and monitoring of the CSR Policy, is in compliance with CSR objectives and Policy of the Company	:	Yes

*c. Manner in which the amount spent during the financial year is detailed below:

Sr. No	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) projects or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency
1.	Creating sustainable farm based livelihoods and enhancing family income of SHG families	Promoting gender equality and women empowering	Other area, Madhya Pradesh & Chhattisgarh	Not exceeding Rs. 60,00,000	Rs. 2,650,000/-	Rs. 2,650,000/-	Through implementing agency
2.	Providing vocational training to school drop outs, assisting in job placements and encouraging self-employment amongst the youth	Employment enhancing vocational skills	Marathawad a & Vidarbha regions, Maharashtra		Rs. 2,650,000/-	Rs. 2,650,000/-	Through implementing agency
TOTAL				Not exceeding Rs. 60,00,000	Rs. 53,00,000/-	Rs. 53,00,000/-	


Arun Thukral
 Managing Director & CEO
 DIN: 03043072


Ramesh Kumar Bammi
 Chairman of the CSR Committee
 DIN: 03411046

Place : Mumbai
Date : April 14, 2016

Jayshree S. Joshi

B. Com. (Hons.), LL.B., F.C.S.
PROPRIETRESS



PHONE : 2262 2341 - 2 - 3
E-MAIL : jayshreedagli@gmail.com
suyashri@vsnl.com

JAYSHREE DAGLI & ASSOCIATES
COMPANY SECRETARIES

Date: 13th April, 2016.

To,

**The Members,
Axis Securities Limited
Mumbai**

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our Audit.
2. We have followed the Audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Book of Accounts of the company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of provisions of corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For JAYSHREE DAGLI & ASSOCIATES
COMPANY SECRETARIES**

Jayshree S. Joshi

**JAYSHREE S. JOSHI
F.C.S.1451 C.P.487**

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



Office No. 5, 1st Floor, Rajabhadur Compound, Bldg. No. 5, 43 - Tamarind Lane, Fort, Mumbai 400 023.
(Opp. Allahabad Bank, Bombay Samachar Marg).

Jayshree S. Joshi

B. Com. (Hons.), LL.B., F.C.S.
PROPRIETRESS



PHONE : 2262 2341 - 2 - 3
E-MAIL : jayshreedagli@gmail.com
suyashri@vsnl.com

JAYSHREE DAGLI & ASSOCIATES

COMPANY SECRETARIES

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2016

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

To,
The Members,
Axis Securities Limited
Mumbai

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

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by **Axis Securities Limited** ("the Company") for the financial year ended on 31st March, 2016 according to the provisions of:

- (1) The Companies Act, 2013 (the Act) & the rules made thereunder and the Companies Act, 1956 to the extent applicable;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (4) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

Contd...2





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

- (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Securities and Exchange Board Of India (Prohibition of Insider Trading) Regulations, 2015;
- (ii) The Securities and Exchange Board of India (Stock Brokers and Sub Brokers) Regulations, 1992;
- (iii) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(6) Based on the nature of activities of the Company:

- (i) Prevention of Money Laundering Act, 2002;
- (ii) The IRDA Act, 1999;
- (iii) Information Technology Act, 2000;
- (iv) Service Tax Act.

We have also examined compliance with the applicable clauses of the following:

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

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

- (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (iii) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014;
- (iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009;
- (v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (vi) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- (vii) Listing Agreement and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (The Company being an UNLISTED Company).

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

Contd...3





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We further report that

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

Adequate notice had been given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and that a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

However, during the year under Audit, the Company has recognized Contingent Liability of Rs. 3,12,59,429/- under the Income Tax Act, 1961, and of Rs. 10,50,000/- in respect of IGRP proceedings. We are informed by the management that the Contingent Liability mentioned under the Income Tax Act, 1961, is contingent in nature and with respect to the IGRP proceedings the company is contesting the demand.

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

Place : Mumbai

Date :13th April, 2016.

For **JAYSHREE DAGLI & ASSOCIATES**
COMPANY SECRETARIES

JAYSHREE S. JOSHI
F.C.S.1451 C.P.487



Annexure-I

Table Showing Specific Events and Actions for FY 2015-16

Sr. No.	Name of the Event	Date of Board Resolution	Date of General Meeting Resolution
1	Change of Statutory Auditors from M/s S. R. B. C. & Co. to M/s S. R. Batliboi & Co. LLP.	13.04.2015	02.06.2015
2	Revision of Remuneration of Mr. Arun Thukral, as Managing Director & CEO of the Company.	02.06.2015	---
3	Revision of Remuneration of Mr. Anand Shaha, Whole Time Director of the Company.	02.06.2015	---
4	Appointment of Mr. Rajiv Anand as Director by the Members at the Annual General Meeting.	---	02.06.2015
5	Appointment of Mr. Jairam Sridharan as Director by the Members at the Annual General Meeting.	---	02.06.2015
6	Resignation of Ms. Shilpi Jaiswal as Company Secretary w.e.f. 12.09.2015.	07.08.2015	---
7	Decision by the Board to avail Financial Assistance by way of Bank Guarantee Limit from Bank of Baroda, Fort Branch against Fixed Deposits for an amount not exceeding Rs. 50,00,00,000/-.	07.08.2015	---
8	Appointment of Mr. Shailesh Adukia as Chief Insurance Executive.	07.08.2015	---
9	Appointment of Ms. Lovelina Faroz as Company Secretary.	28.10.2015	---
10	Decision by the Board to make an Application to surrender Membership with United Stock Exchange.	28.10.2015	---
11	Approval to the Proposal for making Application to IRDA for fresh Registration as Corporate Agent and Approval to the Policy for an open Architecture under IRDA Regulations.	02.02.2016	---
12	Appointment of Mr. Shailesh Adukia as Principal Officer under IRDA Guidelines.	02.02.2016	---
13	Resignation of Mr. Jagdish Master as Director of the Company w.e.f. 22.02.2016.	11.03.2016	---
14	Declaration of Interim Dividend @ 10% i.e. Re 1/- on 14,45,00,000 Equity Shares of Rs. 10/- each.	11.03.2016	---

Place : Mumbai

Date : 13th April, 2016.For **JAYSHREE DAGLI & ASSOCIATES**
COMPANY SECRETARIES**JAYSHREE S. JOSHI**
F.C.S.1451 C.P.487

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 March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

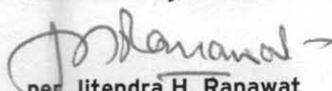
1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.



2. As required by section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 29 to the financial statements;
 - ii. The Company did not have any outstanding long-term contracts including derivative contracts as at 31 March 2016 for which there were any material foreseeable losses; and
 - iii. As at 31 March 2016, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & CO. LLP
Chartered Accountants
ICAI Firm Registration number: 301003E


per Jitendra H. Ranawat
Partner
Membership No.: 103380



Place: Mumbai
Date: 14 April 2016

**Annexure 1 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 situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) The Company does not have any immovable property during the financial year.
- (ii) The Company does not hold any securities in physical form. The securities held as stock-in-trade by the custodian are verified with the confirmation statement received from them on a regular basis during the year. In our opinion, the frequency of such verification is reasonable. The Company is maintaining proper records of securities held as stock-in-trade and no material discrepancies were noticed on comparing the statement from custodian with book records.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, service tax, cess and other material statutory dues applicable to it. As informed, the provision of sales tax, wealth tax, custom duty and excise duty are currently not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. As informed, provision of 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 of income-tax, sales-tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any 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 Act of of the state Madhya Pradesh	Stamp duty	18,13,193	2011-12	Collectors of Stamps, Indore (Madhya Pradesh)
Income Tax	Penalty	3,72,508	2006-07	ITAT
Income Tax	Penalty	16,65,513	2009-10	Commissner of Income tax
Income Tax	Penalty	4,51,234	2010-11	Commissner of Income tax
Income Tax	Penalty	3,12,59,224	2012-13	Commissner of Income tax

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

- (viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money way of initial public offer/further public offer/debt instruments) and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) We have been informed that there have been instances of fraud by certain employees of the Company amounting to Rs.8,51,401 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.6,38,497. There is no financial loss to the Company since the concerned third party has to bear the loss of Rs.2,07,904 as per agreed terms.
- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.



S.R. BATLIBOI & Co. LLP

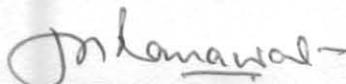
Chartered Accountants

Axis Securities Limited
Auditor's report for the year ended 31 March 2016

Page 3 of 3

- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration number: 301003E



per **Jitendra H. Ranawat**
Partner
Membership No.: 103380



Place: Mumbai
Date: 14 April 2016

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF AXIS SECURITIES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Board of Directors
Axis Securities Limited

We have audited the internal financial controls over financial reporting of Axis Securities Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable



assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

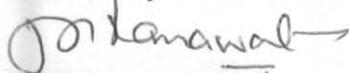
Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of the Company, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated 14 April 2016 expressed an unqualified opinion thereon.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration number: 301003E



per Jitendra H. Ranawat

Partner

Membership No.: 103380

Place: Mumbai

Date: 14 April 2016



Axis Securities Limited			
Balance sheet as at 31 March 2016			
Particulars	Notes	31 March 2016 ₹	31 March 2015 ₹
I. EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3	1,445,000,000	1,445,000,000
Reserves and surplus	4	526,466,861	343,556,696
Non-current liabilities			
Other long term liabilities	5	5,263,375	9,765,138
Long term provisions	6	34,622,518	17,424,399
Current liabilities			
Trade payables	7	390,730,490	456,087,882
Other current liabilities	8	571,921,770	404,380,261
Short term provisions	6	183,718,807	148,073,424
Total		3,157,723,821	2,824,287,800
II. ASSETS			
Non-current assets			
Fixed assets			
Property, Plant and Equipment	9	227,045,842	131,078,598
Intangible assets	9	34,428,547	40,325,729
Deferred Tax Asset (net)		21,280,492	17,137,642
Loans and advances	10	563,874,690	381,905,627
Other non current assets	12.2	3,530,093	123,368,695
Current assets			
Current investments	11	-	15,000,000
Trade receivables	12.1	466,307,180	480,541,977
Short term loans and advances	10	116,512,279	28,746,729
Cash and bank balances	13	1,666,236,143	1,557,854,237
Other current assets	12.2	58,508,556	48,328,566
Total		3,157,723,821	2,824,287,800

Significant accounting policies

2.1

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

As per our report of even date

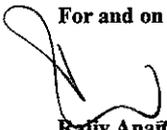
For S. R. Batliboi & Co. LLP
Firm Registration No.: 301003E
Chartered Accountants

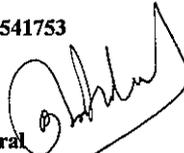


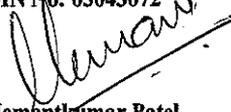
per Jitendra H. Ranawat
Partner
Membership No. :- 103380
Place : Mumbai
Date : 14 April 2016



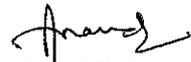
For and on behalf of the board of Directors

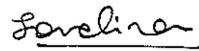

Rajiv Anand
Chairman
DIN No: 02541753


Arun Thukral
Managing Director & CEO
DIN No: 03043072


Hemantkumar Patel
Chief Financial Officer
PAN: AGOPP9611N




Anand Shaha
Whole-time Director
DIN No: 02421213


Lovelina Faroz
Company Secretary
PAN: AARPF3613K

Axis Securities Limited			
Statement of Profit and Loss for the year ended 31 March 2016			
Particulars	Notes	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
Revenue from operations	14	5,505,520,934	4,417,680,629
Other income	15	113,349,120	131,716,841
Total revenue		5,618,870,054	4,549,397,470
Expenses:			
Employee benefit expense	16	4,372,614,082	3,239,248,679
Depreciation and amortization expense	9	81,508,480	62,945,636
Finance charges	17	5,571,391	4,737,689
Other expenses	18	610,491,984	573,196,765
Total expenses		5,070,185,937	3,880,128,769
Profit before tax		548,684,117	669,268,701
Tax expense:			
Current tax		(196,000,000)	(229,000,000)
MAT credit entitlement availed / (utilised)		-	(8,325,191)
Deferred tax		4,142,848	9,625,565
(Short)/ excess provision of earlier years written off / written back		-	(905,117)
Total Tax		(191,857,152)	(228,604,743)
Profit after tax		356,826,965	440,663,958
Earnings per equity share [nominal value of share `10 (31 March 2016: `10)]			
Basic		2.47	3.05
Diluted		2.47	3.05

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. Batliboi & Co. LLP
Firm Registration No.: 301003E
Chartered Accountants

per **Jitendra H. Ranawat**
Partner
Membership No. :- 103380
Place : Mumbai
Date : 14 April 2016



For and on behalf of the board of Directors

Rajiv Anand
Chairman
DIN No: 02541753

Arun Thukral
Managing Director & CEO
DIN No: 03043072

Hemantkumar Patel
Chief Financial Officer
PAN: AGOPP9611N

Anand Shaha
Whole-time Director
DIN No: 02421213

Lovelina Faroz
Company Secretary
PAN: AARPF3613K



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Axis Securities Limited		
Cash flow statement for the period ended 31 March 2016		
Particulars	Year ended 31 March 2016 ₹	Year ended 31 March 2015 ₹
A) Cash flow from operating activities		
Profit before taxes	548,684,117	669,268,701
Non cash & non operating adjustments:		
Interest income	(103,893,488)	(123,543,028)
Depreciation and amortization	81,508,480	62,945,636
Dividend Income	-	(698,082)
Finance charges	5,571,391	4,737,689
Profit from sale of investments	(8,925,410)	(6,881,846)
Provision for doubtful debts	5,182,109	4,942,383
Loss on sale of fixed assets	1,471,793	365,075
Operating profit before working capital changes	529,598,992	611,136,528
Movement in working capital:		
Decrease / (increase) in long term loan & advances	1,283,697	5,219,285
Decrease / (increase) in short term loan & advances	(87,765,550)	(1,930,708)
Decrease / (increase) in trade receivables	9,052,688	288,245,243
Decrease / (increase) in other current assets	-	55,181,574
Increase / (decrease) in other long term liabilities	(4,501,763)	591,352
Increase / (decrease) in long term provisions	17,198,119	4,154,027
Increase / (decrease) in short term provisions	167,541,509	(143,075,058)
Increase / (decrease) in trade payables	(65,357,392)	(384,285,211)
Increase / (decrease) in other current liabilities	35,645,383	64,079,041
Cash generated from operations	602,695,683	499,316,073
Direct taxes paid (net of refund)	(379,252,761)	(228,062,464)
Net cash from operating activities	223,442,922	271,253,609
B) Cash flow from investing activities		
Purchase of fixed assets	(173,557,671)	(63,556,994)
Proceeds from sale of fixed assets	507,339	139,730
(Investment) / redemption in bank fixed deposit (net)	126,747,864	71,253,803
Investment in mutual funds	(4,483,100,000)	(3,084,000,000)
Redemption of mutual funds	4,507,025,409	3,075,881,846
Decrease / (increase) fixed deposit under lien exchange	(279,465,795)	68,465,795
Interest received	99,552,100	142,240,299
Dividend Received	-	698,082
Net cash from investing activities	(202,290,756)	211,122,561
C) Cash flow from financing activities		
Interest on overdraft	(5,571,391)	(4,737,689)
Dividend paid (including distribution tax)	(173,916,800)	(216,739,375)
Net cash from financing activities	(179,488,191)	(221,477,064)
Net increase in cash and cash equivalents	(158,336,025)	260,899,106
Cash and cash equivalents at the beginning of the period	549,572,168	288,673,062
Cash and cash equivalents at the end of the period	391,236,143	549,572,168
Components of cash and cash equivalents as at 31 March 2016		
Cash in hand	-	-
With scheduled bank -		
On current account	391,236,143	549,572,168
Total	391,236,143	549,572,168

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

As per our report of even date

For S. R. Batliboi & Co. LLP
Firm Registration No.: 301003E
Chartered Accountants

Jitendra H. Ranawat

per Jitendra H. Ranawat
Partner
Membership No. :- 103380
Place : Mumbai
Date : 14 April 2016



For and on behalf of the board of Directors

Rajiv Agand
Chairman
DIN No: 02541753

Arun Thakra
Managing Director & CEO
DIN No: 03043072

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Chief Financial Officer
PAN: AGOPP9611N

Anand Shaha
Whole-time Director
DIN No: 02421213

Lovelina Faroz
Company Secretary
PAN: AARPF3613K



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2

Axis Securities Limited

Notes forming part of the financial statements

1. Nature of operations and background

Axis Securities Limited ('the Company') is public company domiciled in India. The principal activity of the Company is to carry on business of retail stock broking, providing resource management and marketing of third party financial products.

2. Basis of preparation

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

The 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 the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognised prospectively in the future periods.

ii. Plant, Property and Equipment including intangible assets

Plant, Property and Equipment 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.

iii. Depreciation and amortization

Depreciation on plant, property and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The company has used the following rates to provide depreciation on its plant, property and equipment.

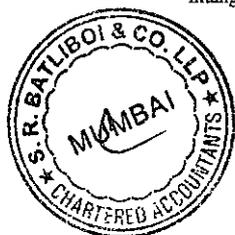
Depreciation has been provided using the following estimated useful lives:

	Useful Life
Leasehold improvements	Upon Lease Period
Electrical fittings and other equipments	10 Years
Furniture and fittings	10 Years
Office equipments	5 Years
Computers	3 Years
Softwares	5 Years
Mobile phone	2 Years

The residual values, useful lives and methods of depreciation of property, plant and equipment and intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on assets sold during the year is recognised on a pro-rata basis to the Statement of profit and loss till the date of sale of assets.

Intangible assets are amortized on a straight line basis over the estimated useful economic life.



Axis Securities Limited

Notes forming part of the financial statements

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.

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.

a. Business sourcing and resource management

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

b. Brokerage

- Brokerage income on securities is recognized as per contracted rates at the execution of transactions on behalf of the customers on the trade date.

- 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.

- 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.

c. Depository fees

Depository fees are recognized on completion of the transaction.

d. 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.

e. 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 and loss

f. Income from Investments

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



Axis Securities Limited

Notes forming part of the financial statements

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.

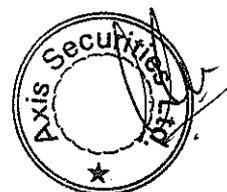
ix. Income taxes

Current income 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.

Deferred income tax

- a. 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.
- b. 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.
- c. 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.
- d. 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.



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Axis Securities Limited

Notes forming part of the financial statements

Minimum alternative tax (MAT)

Minimum alternate tax (MAT) paid in a year is charged to the Statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

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.

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. Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary items denominated in foreign currencies are restated at the exchange rate prevailing on the balance sheet date. Exchange differences arising on settlement of transaction and on account of restatement of monetary items are dealt with in the Statement of profit and loss.

xii. 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.

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.



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Axis Securities Limited

Notes forming part of the financial statements

xiii. 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 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.

xiv. Provisions

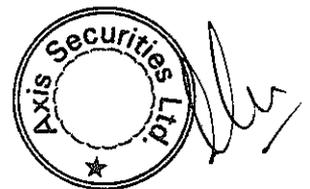
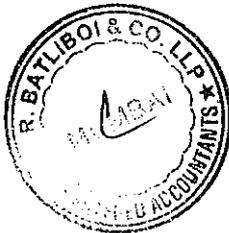
A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions are not discounted to its present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

xv. 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.

xvi. 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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Axis Securities Limited
Notes to financial statements for the year ended 31 March 2016

3. Share capital

	31 March 2016 ₹	31 March 2015 ₹
Authorized share capital 150,000,000 (31 March 2015: 150,000,000) equity shares of ₹10 each	1,500,000,000	1,500,000,000
Issued, subscribed and fully paid-up shares share capital		
Equity share capital 144,500,000 (31 March 2015: 144,500,000) equity shares of ₹10/- each	1,445,000,000	1,445,000,000
Total issued & subscribed share capital	1,445,000,000	1,445,000,000

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

Equity shares	31 March 2016		31 March 2015	
	No.	₹	No.	₹
At the beginning of the period	144,500,000	1,445,000,000	144,500,000	1,445,000,000
Add: Issued during the period	-	-	-	-
Outstanding at the end of the period	144,500,000	1,445,000,000	144,500,000	1,445,000,000

(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) 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 2016 ₹	31 March 2015 ₹
Axis Bank Limited, the holding company and its nominees 144,500,000 equity shares of ₹10/- each	1,445,000,000	1,445,000,000

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

Name of the shareholder	31 March 2016		31 March 2015	
	Nos	%	Nos	%
Axis Bank Limited, the holding company and its nominees (Equity Shares)	144,500,000	100	144,500,000	100

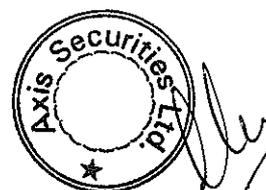
As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

4. Reserve & Surplus

Capital reserve	31 March 2016 ₹	31 March 2015 ₹
Opening balance	387,525	387,525
Addition during the year	-	-
Closing balance	387,525	387,525

Securities premium account	31 March 2016 ₹	31 March 2015 ₹
Opening balance	152,490,000	152,490,000
Addition during the year	-	-
Closing balance	152,490,000	152,490,000

General reserve account	31 March 2016 ₹	31 March 2015 ₹
Opening balance	-	-
Addition during the year	36,000,000	-
Closing balance	36,000,000	-



Axis Securities Limited
Notes to financial statements for the year ended 31 March 2016
Profit & Loss Account

	31 March 2016 ₹	31 March 2015 ₹
Balance as per last financial statements	190,679,171	(33,245,412)
Profit for the year	356,826,965	440,663,958
Less: Appropriations		
Transfer to General Reserve	(36,000,000)	-
Interim equity dividend [(amount per share ₹1.00 (31 March 2016: ₹14.45,00,000) (amount per share ₹1.25 (31 March 2015: ₹18,06,25,000)]	(144,500,000)	(180,625,000)
Tax on equity dividend	(29,416,800)	(36,114,375)
Total appropriations	(209,916,800)	(216,739,375)
Closing balance	337,589,336	190,679,171
Total Reserves & Surplus	526,466,861	343,556,696

5. Other long-term liabilities

	31 March 2016 ₹	31 March 2015 ₹
Deposit received from franchisee	5,263,375	9,765,138
Total	5,263,375	9,765,138

6. Provisions

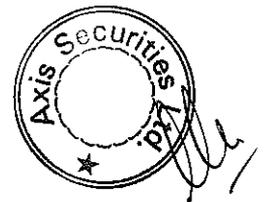
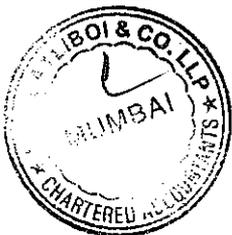
	Long-term		Short-term	
	31 March 2016 ₹	31 March 2015 ₹	31 March 2016 ₹	31 March 2015 ₹
Provision for employee benefits				
Gratuity payable	14,599,024	6,934,273	1,313,961	6,181,635
Leave availment payable	735,606	214,618	24,010,934	27,230,728
Provision for bonus	-	-	158,393,912	113,301,182
	15,334,630	7,148,891	183,718,807	146,713,545
Other provisions				
Leases	19,287,888	10,275,508	-	1,359,879
Total	34,622,518	17,424,399	183,718,807	148,073,424

7. Trade payables

	31 March 2016 ₹	31 March 2015 ₹
Trade payables (refer note 22 for details of dues to micro, small and medium enterprises)	390,730,490	456,087,882
Total	390,730,490	456,087,882

8. Others current liabilities

	31 March 2016 ₹	31 March 2015 ₹
Other liabilities		
Income received in advance	144,384,408	131,143,015
Others		
Sundry creditors for capital expenditure	27,356,251	3,951,680
Expense creditors		
- Due to holding company	9,446,366	8,003,736
- Due to others	98,146,911	91,109,532
Salary & incentive payable	225,477,109	130,867,549
Undisputed statutory dues	57,919,211	32,111,599
Others	9,191,514	7,193,149
Total	571,921,770	404,380,261



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Axis Securities Limited

Notes to financial statements for the year ended 31 March 2016

Note 9 : Fixed Assets

Assets	Gross Block				Depreciation				Net Block	
	As at April 1, 2015	Addition	Deductions	As at March 31, 2016	As at April 1, 2015	Addition	Deductions	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Property, Plant and Equipment										
Improvements to leasehold premises	70,286,496	34,509,528	4,382,743	100,413,281	24,199,914	9,947,407	3,983,432	30,163,889	70,249,392	46,086,582
Furniture	58,553,004	20,278,001	8,216,500	70,614,505	31,260,563	11,408,729	6,833,924	35,835,368	34,779,137	27,292,441
Office equipment	42,019,026	29,921,476	2,639,013	69,301,489	21,238,987	9,580,994	2,441,773	28,378,208	40,923,281	20,780,039
Computers	103,939,585	71,740,016	2,086,799	173,592,802	67,020,049	27,565,517	2,086,796	92,498,770	81,094,032	36,919,536
	274,798,111	156,449,021	17,325,055	413,922,077	143,719,513	58,502,647	15,345,925	186,876,235	227,045,842	131,078,598
Intangible assets										
Software	135,276,870	17,108,650	-	152,385,520	94,951,141	23,005,833	-	117,956,973	34,428,547	40,325,729
Total	410,074,981	173,557,671	17,325,055	566,307,597	238,670,654	81,508,480	15,345,925	304,833,208	261,474,389	171,404,327
Previous Year	350,520,061	63,556,994	4,002,074	410,074,981	179,222,287	62,945,636	3,497,269	238,670,654	171,404,327	



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10. Loans and advances (Unsecured, considered good)

	Non-current		Current	
	31 March 2016 ₹	31 March 2015 ₹	31 March 2016 ₹	31 March 2015 ₹
Capital Advances	-	17,947,769	80,896,287	-
A	-	17,947,769	80,896,287	-
Security deposit				
-Unsecured, considered good	74,311,745	57,603,291	2,391,859	2,391,859
-Unsecured, considered doubtful	-	441,300	-	-
	74,311,745	58,044,591	2,391,859	2,391,859
Less: Provision for doubtful receivable	-	(441,300)	-	-
B	74,311,745	57,603,291	2,391,859	2,391,859
Advances recoverable in cash or kind				
-Unsecured, considered good	-	-	15,792,983	5,382,063
-Unsecured, considered doubtful	-	-	439,700	439,700
	-	-	16,232,683	5,821,763
Less: Provision for doubtful receivable	-	-	(439,700)	(439,700)
C	-	-	15,792,983	5,382,063
Other loans and advances				
Advance income-tax (net) *	489,562,945	306,310,185	-	-
Prepaid expenses	-	44,382	16,026,523	16,012,480
Balances with statutory / government authorities	-	-	1,404,627	4,960,327
D	489,562,945	306,354,567	17,431,150	20,972,807
Total (A+B+C+D)	563,874,690	381,905,627	116,512,279	28,746,729

* Includes ₹ 117,333,541 (previous year ₹ 117,333,541) receivable as per scheme of demerger. These are receivable upon completion of respective assessment proceedings of Axis Capital Limited.

11. Investments

	Non-current		Current	
	31 March 2016 ₹	31 March 2015 ₹	31 March 2016 ₹	31 March 2015 ₹
Investment- (non-trade, unquoted) (valued at cost or fair value, whichever is lower)				
Investment in mutual funds Nil Units (previous year 9,676.24 units) in Axis Liquid Fund- Direct Plan- Growth option	-	-	-	15,000,000
	-	-	-	15,000,000

12. Trade receivables and other assets

12.1 Trade receivables

	Non-current		Current	
	31 March 2016 ₹	31 March 2015 ₹	31 March 2016 ₹	31 March 2015 ₹
Unsecured, considered good unless stated otherwise				
Unsecured, considered good	-	-	4,295,498	2,259,932
Doubtful	-	-	15,089,014	9,749,592
Provision for doubtful debts	-	-	19,384,512	12,009,524
(A)	-	-	(15,089,014)	(9,749,592)
	-	-	4,295,498	2,259,932
Other receivables				
Unsecured, considered good				
- Due from holding company	-	-	179,049,847	148,175,436
- Due from others	-	-	282,961,835	330,106,609
Doubtful	-	-	1,265,000	1,422,313
Provision for doubtful receivables	-	-	463,276,682	479,704,358
(B)	-	-	(1,265,000)	(1,422,313)
	-	-	462,011,682	478,282,045
Total (A) + (B)	-	-	466,307,180	480,541,977



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12.2 Other assets (Unsecured, considered good)

	Non-current		Current	
	31 March 2016 ₹	31 March 2015 ₹	31 March 2016 ₹	31 March 2015 ₹
Non-current bank balances - Fixed Deposits (note 13)	3,500,000	117,500,000	-	-
Others				
Interest accrued on fixed deposits	30,093	5,868,695	58,508,556	48,328,566
Total	3,530,093	123,368,695	58,508,556	48,328,566

13. Cash and bank balances

	Non-current		Current	
	31 March 2016 ₹	31 March 2015 ₹	31 March 2016 ₹	31 March 2015 ₹
Cash and cash equivalents				
Balances with banks:				
- On current accounts	-	-	391,236,143	549,572,168
Cash on hand	-	-	-	-
			391,236,143	549,572,168
Other bank balances				
- Deposits with original maturity for more than 12 months	-	12,500,000	-	12,747,864
- Deposits with original maturity for more than 12 months under lien				
	3,500,000	105,000,000	1,275,000,000	995,534,205
	3,500,000	117,500,000	1,275,000,000	1,008,282,069
Amount disclosed under non-current assets (note 12.2)	(3,500,000)	(117,500,000)		
Total	-	-	1,666,236,143	1,557,854,237

14. Revenue from operations

	31 March 2016 ₹	31 March 2015 ₹
Revenue from operations		
1. Income from business sourcing and resource management services	4,308,913,036	3,297,793,288
2. Professional fees	6,559,167	5,991,534
3. Brokerage income	1,057,661,087	1,009,631,818
4. Other operating income	132,387,644	104,263,989
Total	5,505,520,934	4,417,680,629

15. Other income

	31 March 2016 ₹	31 March 2015 ₹
Interest income on bank deposits	103,893,488	123,543,028
Profit on sale of investments	8,925,410	6,881,846
Dividend on preference shares	-	698,082
Miscellaneous income	530,222	259,350
Other non operating income	-	334,535
Total	113,349,120	131,716,841

16. Employee benefits expense

	31 March 2016 ₹	31 March 2015 ₹
Salaries, wages and bonus	4,122,406,592	3,050,590,203
Contribution to provident and other funds	229,727,522	171,004,376
Staff welfare expenses	7,682,891	7,226,792
Gratuity expense	12,797,077	10,427,308
Total	4,372,614,082	3,239,248,679



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Axis Securities Limited
Notes to financial statements for the year ended 31 March 2016

17. Finance charges

	31 March 2016 ₹	31 March 2015 ₹
Bank guarantee commission	5,560,325	4,519,197
Interest on overdraft	11,066	218,492
Total	5,571,391	4,737,689

18. Other expense

	31 March 2016 ₹	31 March 2015 ₹
Rent (premises)	120,531,432	93,807,379
Lease rental (computer server)	5,354,851	11,088,297
Stamp, registration and exchange charges	4,939,564	3,139,567
Franking charges	20,191,261	20,392,907
Advertisement and sales promotion	52,239,727	63,960,762
Rates and taxes	1,907,335	3,453,729
Insurance	800,581	873,981
Housekeeping expenses	17,628,152	15,574,923
Security charges	10,599,632	8,310,282
Repair and maintenance- others	6,525,142	7,155,306
Travelling and conveyance	45,971,478	32,080,944
Communication cost	56,903,375	49,180,063
Call center cost	19,817,433	28,470,120
Information technology expenses	80,083,059	73,983,688
Loss on sale of fixed assets	1,471,793	365,075
Printing & stationery	32,051,806	28,786,535
Legal and professional fees	17,480,997	9,695,271
Director's sitting fees	1,350,000	534,000
Auditors' remuneration :		
- Audit fee	2,600,000	2,200,000
- Out of pocket expenses	35,500	-
Expense towards Corporate Social Responsibility (refer note 31)	5,300,000	498,500
Electricity and water charges	21,863,487	19,785,477
Office expenses	5,527,859	2,573,857
Membership & subscription fees	7,399,676	6,904,566
Recruitment and training expenses	28,216,787	19,440,612
Miscellaneous expenses	7,728,700	9,345,172
Commission paid	669,986	815,905
Provision for bad & doubtful debts	5,182,109	4,942,383
Acquisition of business expenses	-	6,044,000
Sub brokerage	30,120,262	49,793,468
Total	610,491,984	573,196,765



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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 3-12 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 operating leases are as follows:

	2015-16 (₹)	2014-15 (₹)
Minimum lease payments :		
Not later than one year	115,423,203	88,960,925
Later than one year but not later than five years	450,715,710	261,597,019
Later than five years	149,878,627	103,404,499
Lease payment for the year	125,886,283	104,895,675

20. Details of Foreign currency transactions (accrual basis)

Expenditure in foreign currency

	2015-16 (₹)	2014-15 (₹)
Subscription charges	2,891,908	2,453,848
Email charges	360,367	1,357,023
Hotel & travelling expenses	477,048	-
	3,729,323	3,810,871

21. 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)

	2015-16 (₹)	2014-15 (₹)
Current service cost	5,726,952	4,568,053
Past service cost	-	-
Interest cost	1,966,771	1,681,575
Actuarial gain/(loss) on plan assets	-	-
Expected return on plan assets	(749,759)	(530,384)
Net actuarial (gain)/loss recognized in the year	5,853,113	4,708,064
Benefits paid	-	-
Net gratuity cost	12,797,077	10,427,308

Balance sheet

Details of provision for gratuity

	2015-16 (₹)	2014-15 (₹)
Present value of obligation as at the end of the year	36,218,210	29,291,118
Fair value of plan assets as at the end of the year	20,305,225	16,175,210
Net assets/(liability) recognized in balance sheet	(15,912,985)	(13,115,908)



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Axis Securities Limited

Notes forming part of the financial statements

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

	2015-16 (₹)	2014-15 (₹)
Opening defined benefit obligation	29,291,118	23,681,558
Past Service Cost	-	-
Current service cost	5,726,952	4,568,053
Interest cost	1,966,771	1,681,575
Actuarial (gain)/loss	6,841,227	4,931,948
Benefits paid	(7,607,858)	(5,572,016)
Closing defined benefit obligation	36,218,210	29,291,118

Change in fair value of plan assets are as follows:

	2015-16 (₹)	2014-15 (₹)
Opening fair value of plan assets	16,175,210	10,992,958
Expected return on plan assets	749,759	530,384
Actuarial gain/(loss)	988,114	223,884
Contribution by the employer	10,000,000	10,000,000
Benefits paid	(7,607,858)	(5,572,016)
Closing fair value of plan assets	20,305,225	16,175,210

The Company expects to contribute ₹ 10,000,000 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 2016	For the year ended 31 March 2015
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-16	31-Mar-15
Discount rate	7.20%	8.25%
Expected rate of return on assets	7.20%	7.50%
Employee turnover		
Age : 21-44 years	70.00%	70.00%
Age : 45-59 years	1.00%	1.00%
Salary escalation rate	7.00%	7.00%

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



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Axis Securities Limited

Notes forming part of the financial statements

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

	31-Mar-16 (₹)	31-Mar-15 (₹)	31-Mar-14 (₹)	31-Mar-13 (₹)	31-Mar-12 (₹)
Defined benefit obligation	36,218,210	29,291,118	23,681,558	7,111,323	4,869,559
Plan assets	20,305,225	16,175,210	10,992,958	6,443,236	5,550,980
Surplus / (deficit)	(15,912,985)	(13,115,908)	(12,688,600)	(668,087)	681,421
Experience adjustment on plan liabilities *	5,995,378	4,710,216	2,177,873	757,081	-
Experience adjustment on plan assets *	988,114	223,884	247,652	(69,387)	-

* Information pertaining to experience adjustments as at March 31, 2012 on plan assets and liabilities is not available with the Company.

22. 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 2016 and 31 March 2015 are ₹ Nil.

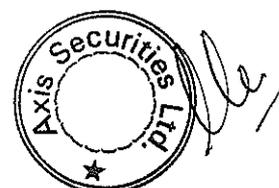
The Company also has not received any claims against interest outstanding amount due to any vendor registered under Micro, Small and Medium Enterprises Development Act, 2006.

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

Particulars	31-Mar-16 (₹)	31-Mar-15 (₹)
Deferred tax assets comprises of timing difference on account of :		
Depreciation on fixed assets	119,815	(317,311)
Rent- Lease equilisation	6,555,953	3,954,868
Provision for doubtful debts	5,858,180	4,096,782
Gratuity	5,408,823	4,458,097
Acquisition expense allowable in future years	3,337,721	4,945,205
Total	21,280,492	17,137,642

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

	31-Mar-16 (₹)	31-Mar-15 (₹)
Commitment for addition/acquisition of broking software	12,305,005	11,414,250
Commitment for ERP software	50,000	280,000
Commitment for leasehold improvement and other capital assets	19,078,344	17,362,716
Total	31,433,349	29,056,966



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Axis Securities Limited

Notes to financial statements for the year ended 31 March 2016

(Currency: ₹)

25 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 2016			
Particulars	Sales Division	Retail Broking Division	Total
Segment revenue			
Gross income (external customers)	4,308,913,036 (3,297,793,288)	1,196,607,898 (1,119,887,341)	5,505,520,934 (4,417,680,629)
Other income (external customers)	8,301,620 (13,078,247)	105,047,500 (118,638,594)	113,349,120 (131,716,841)
Total revenue	4,317,214,656 (3,310,871,535)	1,301,655,398 (1,238,525,935)	5,618,870,054 (4,549,397,470)
Operating expenses	4,018,797,021 (2,976,766,998)	1,051,388,916 (902,827,771)	5,070,185,937 (3,879,594,769)
Unallocated expenses	-	-	- (534,000)
Profit/(loss) before tax	298,417,635 (334,104,537)	250,266,482 (335,698,164)	548,684,117 (669,268,701)
Taxation	-	-	(191,857,152) (228,604,743)
Segment result	298,417,635 (334,104,537)	250,266,482 (335,698,164)	356,826,965 (440,663,958)
Segment assets	1,067,407,917 (909,900,735)	2,090,315,904 (1,914,387,065)	3,157,723,821 (2,824,287,800)
Segment liabilities	517,482,259 (332,995,996)	668,774,701 (702,735,108)	1,186,256,960 (1,035,731,104)
Net assets	549,925,658 (576,904,739)	1,421,541,203 (1,211,651,957)	1,971,466,861 (1,788,556,696)
Fixed assets addition during the year	49,967,717 (17,187,144)	123,589,954 (46,369,850)	173,557,671 (63,556,994)
Depreciation on fixed assets during the year	19,849,674 (15,379,040)	61,658,806 (47,566,596)	81,508,480 (62,945,636)

Figures in the bracket pertains to previous year ended 31 March 2015

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



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Axis Securities Limited

Notes forming part of the financial statements

26 Related Party Transaction

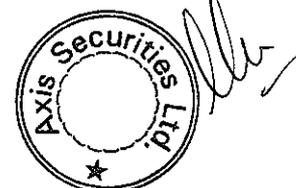
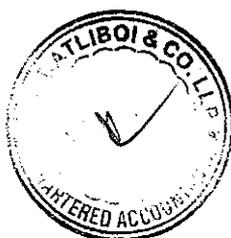
Names of related parties where control exists irrespective of whether transactions have occurred or not.

Holding Company	Axis Bank Limited
Key Management Personnel	Mr. Arun Thukral (Managing Director & CEO) (w.e.f 1st March 2014) Mr. Modan Saha (Director) (Upto 31st July 2014) Mr. Anand Shaha (Whole Time Director) (w.e.f 1st March 2014) Mr. Hemantkumar Patel (Chief Financial Officer) (w.e.f. 3rd February 2015) Ms. Shilpi Khandelwal (Company Secretary) (Upto 11th September 2015) Ms. Lovelina Faroz (Company Secretary) (w.e.f. 28th October 2015)
Fellow Subsidiaries	Axis Capital Limited (ACL) Axis Asset Management Company Limited (AAMC) Axis Private Equity Limited (APEL) Axis Mutual Fund Trustee Limited (AMFT) Axis Trustee Services Limited (ATSL) Axis Bank UK Limited (ABUKL) Axis Finance Limited (AFL) Axis Securities Europe Limited
Step-down Subsidiary of Holding Company	Enam International Limited (EIL) (liquidated on 24th August, 2014)
Associate of Holding Company	Bussan Auto Finance India Private Limited (upto 30th March 2015)



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Transaction/Nature of Relationship	Holding Company	Key Management Personnel	Fellow Subsidiary	Grand Total
Income				
Business sourcing fee income	2,693,412,089 (1,713,927,272)			2,693,412,089 (1,713,927,272)
Resource management fee	1,492,165,817 (1,468,872,208)			1,492,165,817 (1,468,872,208)
Resource management fees (AAMC)			124,935,130 (93,115,066)	124,935,130 (93,115,066)
Bank interest	99,135,006 (123,543,028)			99,135,006 (123,543,028)
Other income (AFL)			39,476	39,476
Other income (AAMC)			9,660,033 (2,806,469)	9,660,033 (2,806,469)
Other income (ACL)			611,702 (2,897,386)	611,702 (2,897,386)
Brokerage income (Mr. Arun Thukral)		140,819 (105,784)		140,819 (105,784)
Brokerage income (Mr. Anand Shaha)		2,982 (6)		2,982 (6)
Expenses				
Salaries (Mr. Arun Thukral)	9,963,863 (10,227,016)			9,963,863 (10,227,016)
Salaries (Mr. Anand Shaha)		7,122,568 (6,420,772)		7,122,568 (6,420,772)
Salaries (Mr. Hemantkumar Patel)		3,200,296 (493,118)		3,200,296 (493,118)
Salaries (Ms. Shilpi Khandelwal)		473,445 (811,963)		473,445 (811,963)
Salaries (Ms. Lovelina Faroz)		505,422		505,422
Nominee director sitting Fees	- (27,000)			- (27,000)
Reimbursement for expenses	58,346,358 (59,989,747)			58,346,358 (59,989,747)
Reimbursement for expenses (Arun Thukral)	48,679 (94,482)	202,130 (36,593)		250,809 (131,075)
Bank charges & other charges paid	2,088,293 (7,838,825)			2,088,293 (7,838,825)
Other expenses/ reimbursements (ACL)			- (805,618)	- (-)
Other expenses/ reimbursements (AFL)			-	-
Other transactions				
Other reimbursement received (AFL)			369,238 (189,469)	369,238 (189,469)
Reimbursement of operating expenses	45,788 (149,320)	56,154 (136,570)		101,942 (285,890)



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Axis Securities Limited

Notes forming part of the financial statements

Transaction/Nature of Relationship	Holding Company	Key Management Personnel	Fellow Subsidiary	Grand Total
Advance received	240,000,000			240,000,000
	(210,000,000)			(210,000,000)
Investment in preference shares (AAMC)			-	-
			(100,000,000)	(-)
Redemption of preference shares (AAMC)			-	-
			(100,000,000)	(-)
Dividend received on preference shares (AAMC)			-	-
			(698,082)	(-)
Dividend paid	144,500,000			144,500,000
	(180,625,000)			(-)
Guarantees received during the year	-			-
	(690,000,000)			(690,000,000)
Outstanding balance as at 31 March 2016				
Axis Bank Limited- Guarantee received	190,000,000			190,000,000
	(733,500,000)			(733,500,000)
Other payables	9,446,367			9,446,367
	(8,003,736)			(8,003,736)
Accounts receivable-for services rendered	179,049,847			179,049,847
	(148,175,436)			(148,175,436)
Accounts receivable-for services rendered- (AAMC)			16,391,248	16,391,248
			(21,414,050)	(21,414,050)
Other receivables (AAMC)			1,482,016	1,482,016
			(885,892)	(885,892)
Other receivables (ACL)			15,889	15,889
			(4,470)	(4,470)
Other receivables (AFL)			44,159	44,159
			(25,583)	(25,583)
Current account	378,820,733			378,820,733
	(481,364,040)			(481,364,040)
Fixed deposit balance	1,132,756,016			1,132,756,016
	(1,179,979,330)			(1,179,979,330)

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 associates.
- 4) Figures in bracket represents corresponding amount of previous year.



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Axis Securities Limited

Notes forming part of the financial statements

27. Outstanding bank guarantee issued on behalf of the Company:

	31-Mar-16 (₹)	31-Mar-15 (₹)
Axis Bank Limited	190,000,000	733,500,000
Bank of Baroda	400,000,000	-
Total	590,000,000	733,500,000

28. Earnings per share ('EPS')

	2015-16 (₹)	2014-15 (₹)
Profit / (loss) after tax	356,826,965	440,663,958
Net profit / (loss) for calculation of basic and diluted EPS	356,826,965	440,663,958

	No.	No.
Weighted average number of equity shares in calculating basic and diluted EPS	144,500,000	144,500,000

Basic earnings per share	2.47	3.05
Diluted earnings per share	2.47	3.05

29. 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 2016	As on 31 March 2015
Stamp Act	Penalty on Stamp Duty	MP High Court	1,813,193	1,813,193
Income Tax	Penalty	ITAT	2,038,021	372,508
Income Tax	Penalty	CIT (A)	451,234	2,116,747
Income Tax	Income Tax	CIT (A)	31,259,429	-
Investor's grievance redressal panel (NSE- Vadodara)	IGRP proceedings	High Court - Ahmedabad	1,350,000	1,800,000
IGRP & Arbitration matter (BSE-Vadodara)	IGRP proceedings	Arbitration	1,050,000	-

Note:

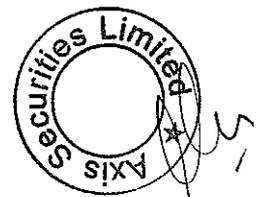
The Company is contesting the demands and the management believes that its position will likely be upheld in the appellate process. No provision has been accrued in the financial statements for the demand raised. The management believes that the ultimate outcome of this proceeding will not have a material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

30. (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	46,324	7,663,183	46,324	7,628,092
	(55,124)	(14,706,361)	(55,124)	(14,701,070)
Derivatives	59,155	9,592,142	59,155	9,570,031
	(751,250)	(14,644,977)	(751,250)	(14,639,739)



Axis Securities Limited

Notes forming part of the financial statements

31. Details of CSR Expenditure :

	31-Mar-16 (₹)	31-Mar-15 (₹)
Gross amount required to be spent by the group during the year	5,192,311	498,430
	5,192,311	498,430

	In cash	Yet to be paid in cash	Total
(a) Amount spent during the year ending on 31st March, 2016:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	5,300,000	-	5,300,000
(b) Amount spent during the year ending on 31st March, 2015:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	498,500	-	498,500

32. During the year, the holding company issued 38,000 [Previous year: 15,000 (pre-split of Face Value)] of stock options to some employees of the holding company who are on deputation with the Company. Since these stock options are issued by the holding company directly to the employees of the holding company and the related costs, if any, will be borne by the holding company, no provision is made in the accompanying financials statements.

33. Previous year comparatives

Previous year figures have been regrouped and reclassified, wherever necessary to conform to current year's presentation.

For S. R. Batliboi & Co. LLP
Firm Registration No.: 301003E
Chartered Accountants

Jitendra H. Ranawat
per Jitendra H. Ranawat
Partner
 Membership No. :- 103380
 Place : Mumbai
 Date : 14 April 2016



For and on behalf of the board of Directors

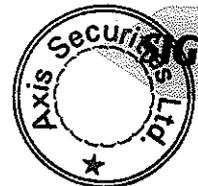
Rajiv Anand
Rajiv Anand
Chairman
 DIN No: 02541753

Arun Thakral
Arun Thakral
Managing Director & CEO
 DIN No: 03043072

Hemantkumar Patel
Hemantkumar Patel
Chief Financial Officer
 PAN: AGOPP9611N

Anand Shaha
Anand Shaha
Whole-time Director
 DIN No: 02421213

Lovelina Faroz
Lovelina Faroz
Company Secretary
 PAN: AARPF3613K



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