

## Axis Capital Limited

### DIRECTORS' REPORT

#### DEAR MEMBERS

The Directors are pleased to present the Ninth Annual Report on the business and operations of the Company along with the Audited Financial Statements for the Financial Year ended 31<sup>st</sup> March, 2015.

#### FINANCIAL PERFORMANCE:

During the year, the Company achieved a total income of Rs.315crores.The Financial Results of the Company for the year ended 31<sup>st</sup> March 2015 are given below:

(Figures in Rs.Crores)

<i>Particulars</i>	<b>2014-2015</b>	<b>2013-2014</b>
	<i>Amount in Rs</i>	<i>Amount in Rs</i>
Operating Income(A)	288.7	169.8
Interest Income on Fixed Deposits and Miscellaneous Income (B)	26.2	18.1
<b>Total Income (A)+(B)</b>	315.0	187.9
Operating Expenses	154.9	155.9
<b>Profit/(Loss) before Depreciation, provisions for tax &amp; Write Back/Off</b>	160.0	31.9
Depreciation	0.5	0.3
Short /Excess Provision of earlier years Written off / Written Back	(4.3)	(2.0)
Provisions for Tax	55.9	11.6
<b>Profit / (Loss) After Tax</b>	107.9	22.1
<b>Balance carried to Balance Sheet *</b>	107.9	23.5

\* For the F.Y. 2013 - 2014 the balance carried to Balance Sheet is exclusive of loss of demerged business from appointed date





## Axis Capital Limited

### BUSINESS OVERVIEW & REVIEW OF OPERATIONS

#### OPERATIONS

Your Company is presently engaged in three lines of businesses namely investment banking, Institutional equities, and Investment Solutions.

- Investment Banking (IBD) had a good year on the back of buoyant capital markets in FY 15. During the year, the IBD completed 65 transactions across Buybacks, Blocks, M&A, Advisory, QIP, Structured financing, Rights issue, Corporate Advisory aggregating to about Rs. 54,000 crores. In effect, the company closed atleast one transaction a week.
- We continued to maintain our market leadership in the ECM segment with a 15% share of the market (more than double of our closest competitor).
- During the year we closed three PE transactions – Two of them, Kalyan Jewellers and Cholamandalam, were among the largest in the country. With these two we have clearly established ourselves as a prominent player in this space.
- In the area of Structured Finance, the Company completed eight transactions during the year aggregating to over INR 17,000 million earning us nearly a third of our total income. In this area we have several innovations and firsts to our credit.
- Our M&A and advisory arm concluded some marquee deals viz., JSW Energy acquisition of JP Hydro assets, JP Associate's sale of their MP cement unit to Ultratech and Rico Auto's sale of its 50% subsidiary to FCC of Japan.

Our Institutional volumes moved up by 56.2% over the previous year. The focused effort on Top Tier clients and on block deals ensured that our aggregate market share improved by 8%. It would be important to note, that, our total net commissions improved by 65%. This is despite a growth of only ~4% in the overall addressable commission market pool, given the





## Axis Capital Limited

continued pressure on yields (Clients pushed for reduced commissions or lower yielding products).

Investment solution business faced a challenging environment due to the regulatory and taxation changes. Our average AUM for FY 2014-15 shrunk by 11%. However, due to our focus on equity schemes, durations funds and other investment products, the team posted 33% growth in revenue. We remain in top five institutional distributor of mutual funds in India with an average AUM of Rs.12,051 crores for FY 2014-15.

Investments Solutions team focused on cross selling various products of Axis Bank, Axis Securities and Axis Finance from Fixed Deposits, treasury products to Broking and LAS Accounts

### **DIVIDEND**

For the financial year 2014-15, the Board of Directors recommends a Dividend of Rs.7/- per equity share (i.e. @ 70%) on Equity Shares of Rs.10 each, absorbing a sum of Rs.51,45,00,000/- towards dividend amount and ₹Rs.10,47,00,000/- towards Dividend Distribution Tax. The Dividend, if approved by the Members at the Annual General Meeting, shall be the final dividend for the financial year 2014-15.

### **SUBSIDIARIES**

Subsequent to the completion of the de-merger of Financial Services business becoming effective on October 20, 2012, Your Company had 100% ownership of two Companies namely:

1. Enam International Limited (EIL)
2. Enam Securities Europe Limited (Renamed as Axis Securities Europe Limited)

Enam International Limited is an entity registered with Dubai Financial Services Authority(DFSA). It has been decided to voluntarily wind up the Company's operations and accordingly, the Company has been wound up during the current financial year after completing with all the requisite formalities prescribed by DFSA in this regard. As on March







## Axis Capital Limited

31, 2015, the Company ceases to exist and hence no accounts are attached to the current financial statements of the Company.

With regard to the other subsidiary namely viz. Axis Securities Europe Limited, RBI while granting permission to Axis Bank Limited for the de-merger of Financial Services business, had advised to make all the step down subsidiaries of the Bank (Axis Bank Limited) as direct subsidiary of the Bank. In compliance with the same, we have completed all the requisite process of approval to make this entity as direct subsidiary of the Bank. We intend to do this by sale of shares held by your Company to the Bank. Certain formalities with regard to the sale are yet to be completed as on March 31, 2015 which we expect to be completed by April 30, 2015. As on March 31, 2015 Axis Securities Europe Ltd. continues to be a subsidiary of Axis Capital Ltd. and accordingly the statement of accounts are attached to the financial statements of Axis Capital Ltd. However, In view of the direction to make it as a direct subsidiary of the Bank, the accounts of Axis Securities Europe Limited have been consolidated with that of Axis Bank Ltd.

### **MATERIAL CHANGE AND COMMITMENT**

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

### **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 Companies Act, 2013 in Form - MGT 9 is enclosed herewith as Annexure A.

### **THE 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 Companies Act, 2013 and Clause - 8 of the Companies (Accounts) Rules, 2014 it is to be noted that there is no



## **Axis Capital Limited**

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 the 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 robust risk management framework and the same is subject to periodic review at the Board of Directors level and as well as at the Group level.

### **STATEMENT IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. 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.

### **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.



## Axis Capital Limited

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.

### **DIRECTORS**

During the year under review, the Company has not appointed any new Directors;

The Board of Directors had appointed Mr.Samir Barua, Mr. Jagdish Master and Mr.Bahram Vakil in the category of Independent Directors with effect from January 14, 2013 under the Companies Act, 1956. In compliance of provisions of sec. 149 of the Companies Act, 2013, it is now proposed to appoint them as Independent Directors under the Companies Act, 2013 for a period of 5 years w.e.f June 24, 2015.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

During the year under review, Mr.Nilesh Shah, Managing Director & CEO submitted his resignation from the Board of Directors of the Company with effect from January 12, 2015. The Directors place on record their warm appreciation for valuable contributions made by Mr. Nilesh Shah in building Axis Capital franchise.

### **NUMBER OF MEETING**

During the year, the number of Board, Committees and General meetings convened is as follows:

<b>Sr. No.</b>	<b>Type of Meeting</b>	<b>Number of meetings</b>
1.	Board Meeting	4
2.	Audit Committee Meeting	4
3.	Nomination & Remuneration Committee Meeting	2
4.	Corporate Social Responsibility Committee Meeting	1





## Axis Capital Limited

5.	Risk Management Committee Meeting	3
6.	General Meeting (including Extra- Ordinary General Meeting)	1

The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

### **A STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF DIRECTORS.**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance and that of its committees and individual Directors.

### **STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS UNDER SECTION - 149 (6)**

All Independent Directors have given declaration that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

### **THE DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR**

During the year under review,

- Mr. Bhavesh Rupani was appointed as Chief Financial Officer (CFO) of the Company with effect from January 19, 2015.
- Mr. Nilesh Shah had resigned as Managing Director & CEO w.e.f May 12, 2015

### **COMMITTEES**

#### **i. AUDIT COMMITTEE**

The Audit Committee consists of three Directors namely Mr.Samir Barua, Mr.Jagdish Master and Mr.Dharmesh Mehta. The Audit Committee was re-constituted during the year under review vide board resolution dated January 19, 2015.



## **Axis Capital Limited**

### **ii. NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee consists of Mr. Manish Chokhani, Mr. Jagdish Master, Mr. Bahram Vakil and Mr. Srinivasan V. The Committee was re-constituted during year under review vide board resolution dated January 19, 2015.

### **iii. RISK MANAGEMENT COMMITTEE**

The Risk Committee consists of Mr. Samir Barua, Mr. Srinivasan V. and Mr. Dharmesh Mehta. The Committee was re-constituted during year under review vide board resolution dated January 19, 2015.

### **iv. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Committee consists of Mr. Bahram Vakil, Mr. Srinivasan V and Mr. Dharmesh Mehta. The Committee was re-constituted during year under review vide board resolution dated January 19, 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 Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

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

Information as per Section 134(3)(m) of the Companies Act, 2013 relating to the Conservation of Energy and Technology Absorption is not given since the Company is not engaged in any manufacturing activity. There is no foreign technology involved/ absorbed.





## **Axis Capital Limited**

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

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT UNDER SECTION- 186**

Information as per Section 134(3)(g) of the Companies Act, 2013, relating to the Particulars of Loans, Guarantees or Investment under Section – 186 is not applicable to the Company.

### **PARTICULARS OF CONTRACTS, OR ARRANGEMENTS WITH RELATED PARTIES UNDER SUB - SECTION (1) OF SECTION 188**

Information as per Section 134(3)(h) of the Companies Act, 2013 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 an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, 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 is placed before the Audit Committee.

None of the Directors has any pecuniary relationship or transactions vis-à-vis the Company.

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





## Axis Capital Limited

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 will be provided upon request. 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**

CSR Policy has been framed in accordance with Section 135 of the Companies Act, 2013 and the rules framed thereunder.

As part of its initiatives under "Corporate Social Responsibility" (CSR), the Company has undertaken projects in the areas of Education, Livelihood, Health, Water and Sanitation. These projects are largely in accordance with Schedule VII of the Companies Act, 2013.

### **POLICY OF THE NOMINATION AND REMUNERATION COMMITTEE**

The Company has a Nomination and Remuneration Policy formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto as amended from time to time. The policy shall apply to all Directors (Executive and Non Executive), Key Managerial Personnel and Senior Management. The Policy laid down the

roles of the Committee, criterion for appointment of Directors, Key Managerial Personnel and Senior Management and parameters for determining the remuneration of Directors, Key Managerial Personnel, Senior Management and other employees.

### **DIRECTORS RESPONSIBILITIES STATEMENT**

Pursuant to sub-section (5) of Section 134 of the Companies Act, 2013, the Board of Directors of the Company hereby state and confirm that:



## Axis Capital Limited

- 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 and of the profit of the Company for the year ended 31<sup>st</sup> March 2015.
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The annual accounts of the Company have been prepared on a going concern basis.
- v. 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 revised as per the new format of Schedule III as notified by the Ministry of Corporate Affairs.

### **AUDITORS**

i. **STATUTORY AUDITORS**

M/s S.R.Batliboi & Co. LLP, Chartered Accountants, Mumbai, FRN (301003), Statutory Auditors of the Company, was appointed at the previous Annual General Meeting to hold office upto Eleventh Annual General Meeting. However, pursuant to Section 139 of the Companies Act, 2013, such appointment is subject to ratification by members at every subsequent General Meeting.

Your directors recommends ratification of their appointment.

ii. **SECRETARIAL AUDITOR**





## **Axis Capital Limited**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Jayshree S. Joshi, Proprietress of M/s. Jayashree Dagli & Associates, a firm of Company Secretaries in Practice 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 B".

### **iii. INTERNAL AUDITOR**

Pursuant to the provisions of Section 138 of the Companies Act, 2013 and the Companies (Accounts) Rules, 2014, the Company has appointed M/s. S.K.Kamdar., Chartered Accountants FRN (104674W) to undertake the Internal Audit of the Company for the financial year under review.

### **AUDITORS' REPORT:**

The observations, if any, made by the Auditors in Audit Report have been duly clarified and explained either in their Report or in the relevant notes forming part of the Annual Accounts, which are self explanatory and do not need any further clarification.

### **SECRETARIAL AUDIT REPORT:**

As regards the observations in the Secretarial Audit Report (Annexure B) with regard to compliance with Section 149 of the Companies Act, 2013, the Board of Directors of the Company had appointed Directors during FY 2012-13 in the category of Independent Directors to comply with the SEBI requirements. However they were yet to be appointed as Independent Directors to comply with the Provisions of Companies Act, 2013. The Resolutions for their appointment as Independent Directors are being placed before the shareholders for their consideration as part of the ensuing Annual General Meeting of the Company.

As regards the observation on payment of stamp duty in Goa is concerned, currently, there is no provision in the Government system to accept stamp duty on the securities transaction. The matter is being actively discussed with the Goa Government. As and when the issue is clarified, the same would be paid immediately.





## Axis Capital Limited

As regards the observation with regard to non-attachment of subsidiary account is concerned, the matter is explained in detail under the para Subsidiaries. In view of the RBI directions to make the subsidiary direct subsidiary of the Bank, the Accounts of Axis Securities Europe Limited is being consolidated at the Bank level and also attached to the Bank's financial statement

### **CORPORATE GOVERNANCE**

The Company's policy on Corporate Governance has been:

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

### **FUTURE OUTLOOK**

We start the new fiscal year with an impressive pipeline - we have more than 38 live ECM mandates, 11 PE mandates, 22 M&A and Advisory mandates and 2 Structured Finance mandates. We therefore hope to deliver another good year.

Investment Solution would be to offer a wider product bouquet and to expand the geographies and client base to address a wider audience. We will continue with our efforts to further improve our market share. However, we believe that the monsoon and the Government's delivery will be very keenly watched, given the exuberance of the





## Axis Capital Limited

past few months. Any disappointment could lead to markets stagnating/correcting, and hence to lower revenues.

### **ACKNOWLEDGEMENT**

Your Directors would like to express their gratitude for all the guidance and co-operation received from Axis Bank. Your Directors would like to place on record their gratitude and thanks to the esteemed clients, Bankers, financial institutions, suppliers, advisors, Auditors, Secretarial and Internal Auditor, Central Depository Services Limited (CDSL), Central, State and Local Government Departments and Bodies for their continued support and cooperation.

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

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

A handwritten signature in blue ink, appearing to read 'A Sharma', written over a dotted line.

**CHAIRPERSON**

**Place: Mumbai**

**Date: APRIL 21, 2015**





**AXIS CAPITAL LIMITED**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on March 31, 2015**

*[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: - U51900MH2005PLC157853
- ii) Registration Date- 06/12/2005
- iii) Name of the Company: AXIS CAPITAL LIMITED
- iv) **CATEGORY OF THE COMPANY: -**
- (1) Public Company-✓

**SUB CATEGORY OF THE COMPANY: -[PLEASE TICK WHICHEVER ARE APPLICABLE]**

- (1) Company having share capital-✓

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

Address :	Axis House, 8 <sup>th</sup> Floor
Town / City :	Wadia International Centre, Pandurang Budhkar Marg, Worli
District :	Mumbai
State :	Maharashtra
Telephone :(With STD Area Code Number)	+91 022 43252104
Pin Code	400025
Fax Number :	+91 022 43253000
Email Address :	Natarajan.mahadevan@axiscap.in
Website (if any)	www.axiscap.in

vi) Whether Shares Listed On Recognized Stock Exchange(S) – NO

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

**Name of Registrar & Transfer Agents:**

Address :	Karvy Computershare Pvt Limited
Town / City :	17-24 VithalRao Nagar Madhapur
District :	Hyderabad
State :	Telangana
Telephone :(With STD Area Code Number)	+91 040 44655265
Pin Code	500081
Fax Number :	+91 040 44655265
Email Address :	Ramchandra.v@karvy.com

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:-

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Merchant Banking and Stock Broking		90%
2	Mutual Fund advisory and treasury		10%

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

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable section
1	Axis Securities Europe Limited	Incorporated in United Kingdom	Subsidiary	100%	Sec. 2(87)
2	Axis Bank Limited	L65110GJ1993PLC020769	Holding Company	100%	Sec. 2(46)
3	Axis Securities Limited	U74992MH2006PLC163204	Associate Company	-	Sec. 2(6)
4	Axis Finance Limited	U65921MH1995PLC212675	Associate Company	-	Sec.2(6)
5	Axis Private Equity Limited	U66020MH2006PLC165039	Associate Company	-	Sec. 2(6)
6	Axis Trustees services Limited	U74999MH2008PLC182264	Associate Company	-	Sec.2(6)
7	Axis Asset Management Company Limited	U65991MH2009PLC189558	Associate Company	-	Sec.2(6)
8	Axis Mutual Fund Trustee Limited	U66020MH2009PLC189325	Associate Company	-	Sec.2(6)
9	Axis Bank U.K. Limited	7554558	Associate Company	-	Sec. 2(6)

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

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.									
<b>e) Banks / FI</b>	<b>*73500000</b>	<b>Nil</b>	<b>*73500000</b>	<b>100%</b>	<b>*73500000</b>	<b>Nil</b>	<b>*73500000</b>	<b>100%</b>	<b>NIL</b>
f) Any									
Other....	<b>*73500000</b>	<b>NIL</b>	<b>*73500000</b>	<b>100%</b>	<b>*73500000</b>	<b>NIL</b>	<b>*73500000</b>	<b>100%</b>	<b>NIL</b>
Sub-total (A) (1):-		<b>NIL</b>		<b>100%</b>		<b>NIL</b>		<b>100%</b>	<b>NIL</b>
(2) Foreign									
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
<b>Sub-total (A) (2):-</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>N.A.</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>N.A.</b>	<b>NIL</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>*73500000</b>	<b>NIL</b>	<b>*73500000</b>	<b>100%</b>	<b>*73500000</b>	<b>NIL</b>	<b>*73500000</b>	<b>100%</b>	<b>NIL</b>



<b>B. Public Shareholding</b> <b>1. Institutions</b> a) Mutual Funds b) Banks / FI c) Central Govt d) State Govt(s) e) Venture Capital Funds f) Insurance Companies g) FIIs h) Foreign Venture Capital Funds i) Others (specify) <b>Sub-total (B)(1):-</b>  <b>2. Non-Institutions</b> a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital uptoRs. 1 lakh ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh c) Others (specify) <b>Sub-total (B)(2):-</b>  Total Public Shareholding (B)=(B)(1)+									
	NIL	NIL	NIL	N.A.	NIL	NIL	NIL	N.A.	NIL

(B)(2)								
C. Shares held by Custodian for GDRs & ADRs								
<b>Grand Total (A+B+C)</b>	<b>*73500000 shares</b>				<b>100%</b>			

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

### ii) Shareholding of Promoters

Sl 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	*73500000	100%	Nil	*73500000	100%	Nil	nil
	<b>Total</b>	*73500000	100%	Nil	*73500000	100%	Nil	nil

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

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

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	73500000	100%	73500000	100%
1	Allotment during the Year	-		-	
	<b>At the End of the year</b>	<b>73500000</b>		<b>73500000</b>	

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

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

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No	Name	Designation	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the Beginning of the year:					
	Increase/ decrease in Share Capital		NIL	NIL	NIL	NIL
	At the End of the year					

## V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b> i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	Nil	Nil	Nil	nil
<b>Total (i+ii+iii)</b>				
<b>Change in Indebtedness during the financial year</b> <input type="checkbox"/> Addition <input type="checkbox"/> Reduction				
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b> i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	Nil	Nil	Nil	Nil



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl.No.	Particulars of Remuneration	Name of MD	Whole Time Director	Total Amount (Rs. In Lacs)
		Nilesh Shah	Dharmesh Mehta	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	138.36	254.08	392.44
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.99		0.99
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option	0		
3	Sweat Equity			
4	Commission as % of profit			
5	Others, please specify Variable Incentives	Included in 1 above - Part of 17 (1) above	Included in 1 above - Part of 17 (1) above	
	Total (A)	139.35	254.08	392.44
	Ceiling as per the Act <i>*10% of the net profit calculated as per Section 198</i>			1702.31

### B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors	Total Amount (Rs. In Lacs)

1. Independent Directors  <input type="checkbox"/> Fee for attending board / committee meetings  <input type="checkbox"/> Commission  <input type="checkbox"/> Others, please specify	Prof Samir Barua	1.4
	Mr. Jagdish Master	1.2
	Mr. Behram Vakil	0.4
	Mr. Manish Chokhani	0.8
Total (1)		3.8
2. Other Non-Executive Directors  <input type="checkbox"/> Fee for attending board /	Nil	Nil

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

Sl.no.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total (Rs. In Lacs)
1	* Gross salary	87.39	53.52 *	140.91
	(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			
2	Stock Option			
3	Sweat Equity			
4	Commission as % of profit			
5	Others			
	Total	87.39	53.52	140.91

- Payment basis
- \*Note: Indicates Remuneration for the whole FY though appointed as KMP w.e.f. 19.01.2015

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES(Under the Companies Act): NIL.**

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: 21<sup>st</sup> April, 2015.

To,  
**The Members,  
Axis Capital 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.

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 31<sup>st</sup> March, 2015

*[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 Capital Limited  
Mumbai**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Axis Capital 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 31<sup>st</sup> March, 2015 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 Capital Limited** ("the Company") for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- A)**
- (1) The Companies Act, 2013 (the Act) & the rules made there under and The Companies Act, 1956 to the extent applicable;
  - (2) 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;
  - (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;

Contd...2





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

::2::

- (6) (i) SEBI (Stock Brokers and Sub Brokers) Regulations, 1992;  
(ii) SEBI (Merchant Bankers) Regulations, 1992;

**B)** 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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vii) The Securities and Exchange Board of India (Buyback of Securities) Regulations 1998.
- (viii) Listing Agreement (The Company being an UNLISTED Company.)
- (ix) Secretarial Standards issued by the Institute of Company Secretaries of India yet to be notified and hence not to be considered / not required to be certified.

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

- 1) Pursuant to Section 149 of the Companies Act, 2013 and relevant Rules framed there under, the Company was required to obtain approval of the members for appointment of Independent Directors before 31<sup>st</sup> March 2015. The Board of Directors of the Company though appointed Directors in the category of Independent Directors, their appointment was not approved by the Members within the statutory time period.
- 2) The Stamp duty falling under the purview of the State of Goa on relevant documents w.r.t Broking business of the Company was not paid.
- 3) Accounts of the Company for the year ended 31.03.2014, did not incorporate Accounts of its Foreign Subsidiary Company. Directors' Report on the Accounts and Operations of the Company for the financial year ended 31.03.2014, did not contain the required statement for non attaching the said Accounts. Further it also did not contain the statement as required under Section 212 of the Companies Act, 1956.



Contd...3

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

::3::

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors & Non-Executive Directors except that the approval of Members was not obtained for appointment of Independent Directors pursuant to the provisions of Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the relevant Act.

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

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

**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

**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 : 21<sup>st</sup> April, 2015.

For **JAYSHREE DAGLI & ASSOCIATES**  
**COMPANY SECRETARIES**

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

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

**Annexure-I**

**Table Showing Specific Events and Actions for FY 2014-15**

<b><u>Sr.No.</u></b>	<b><u>Name of the Event</u></b>	<b><u>Date of Board Resolution</u></b>	<b><u>Date of General Meeting Resolution</u></b>
1	Approval to Appointment/ change in designation of and payment of remuneration to Mr. Nilesh Shah as Managing Director & Designate him as Managing Director & CEO w.e.f 15.11.2013 for remaining period of his term i.e. upto 31.03.2016.		04.08.2014
2	Approval to Appointment of and payment of remuneration to Mr. Dharmesh Mehta as Whole time Director w.e.f 15.11.2013.		04.08.2014
3	Resignation of Nilesh Dhirajlal Shah w.e.f 12/1/2015.	Noted at BM held on 19.01.2015	
4	Revision in the Managerial Remuneration to Mr. Dharmesh Mehta, Whole Time Director of the Company w.e.f 01.10.2014.	19.01.2015	
5	Appointment of Mr. Bhavesh Rupani as CFO w.e.f 19.01.2015 under the provisions of the Companies Act, 2013.	19.01.2015	

Place : Mumbai  
Date : 21<sup>st</sup> April, 2015.

For **JAYSHREE DAGLI & ASSOCIATES**  
**COMPANY SECRETARIES**

*Jayshree S. Joshi*

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

**FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT**

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.

The CSR Policy was approved by the Committee on January 14, 2015 and subsequently was put on the Company's website.

Weblink to the Company's CSR Policy: <http://www.axiscap.in>

2. The Composition of the CSR Committee.  
As on 31.03.2015, the CSR Committee comprises of following Directors:

1. Mr. Bahram Vakil - Chairman
2. Mr. Srinivasan V - Director
3. Mr. Dharmesh Mehta - Whole time Director

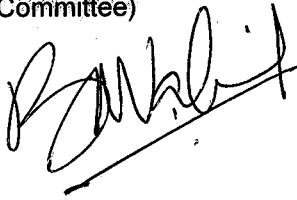
3. Average net profit of the Company for last three financial years – 210,024,250
4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) -4,200,485
5. Details of CSR spent during the financial year.
  - (a) Total amount to be spent for the financial year; 4,225,000
  - (b) Amount unspent, if any; NIL
  - (c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified.	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Subheads : (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto to the reporting period.	Amount spent: Direct or through implementing agency
1.	Social Welfare Programs of Axis Bank Foundation*						4,225,000
	<b>TOTAL</b>						<b>4,225,000</b>

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

6. In case the Company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide thereasons for not spending the amount in its Board report. - NA
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

The CSR Committee hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

(Chief Executive Officer or Managing Director or Director)	(Chairman CSR Committee) 	(Person specified under clause (d) of sub-section (1) of section 380 of the Act)  (wherever applicable)



### Independent Auditor's Report

To  
The Members of Axis Capital Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of Axis Capital Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2015, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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. 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 but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. 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, 2015, its profit, and its cash flows for the year ended on that date.

Independent Auditor's Report

Axis Capital Limited

---

**Report on Other Legal and Regulatory Requirements**

1. 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 accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the 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;
- (e) On the basis of written representation received from the directors as on 31<sup>st</sup> March 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015, from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) 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 litigation on its financial position in its financial statements - Refer Note 21 to the financial statements;
  - (ii) The Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses;
  - (iii) As at March 31, 2015 there are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Co LLP

Chartered Accountants

Firm's Registration Number: 301003E



per Viren H. Mehta

Partner

Membership Number: 48749

Place: Mumbai

Date: 21 April 2015




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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) (a) 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.
- (b) The Company is maintaining proper records of securities held as stock-in-trade and no discrepancies were noticed on comparing the statement from custodian with book records.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas..
- (v) 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) Undisputed statutory dues including provident fund, employees' state insurance, service tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities. As informed, 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, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable, except as mentioned below:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Due date
Stamp duty Act of Goa	Stamp duty	69,913	2009-10 to 2014-15	*

\* Due date is not ascertainable.

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



# S.R. BATLIBOI & CO. LLP

Chartered Accountants

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

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Service Tax	Tax and interest	640,057	April 2003 to October 2005	Commissioner of Central Excise Appeals
Property Tax	Tax and interest	6,306,470	April 2001 to September 2012	Supreme Court

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

- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year during the year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) As informed, there have been no instances of fraud on or by the Company, by third parties and employees of the Company has been noticed or reported during the year.

For S.R. BATLIBOI & CO. LLP  
Chartered Accountants  
Firm registration number: 301003E



per Viren H. Mehta  
Partner  
Membership No.: 048749

Place: Mumbai  
Date: 21 April 2015

AXIS CAPITAL LIMITED

BALANCE SHEET

(Amount in Indian Rupees)

	Note No.	As at 31 March 2015	As at 31 March 2014
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	3	735,000,000	735,000,000
Reserves and surplus	4	1,587,192,059	1,127,416,539
		<u>2,322,192,059</u>	<u>1,862,416,539</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	6	3,385,862,609	7,031,330,147
Other current liabilities	7	56,885,883	73,198,714
Short-term provisions	5	1,025,112,672	82,403,094
		<u>4,467,861,164</u>	<u>7,186,931,955</u>
		<u><b>6,790,053,233</b></u>	<u><b>9,049,348,494</b></u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets	8		
-Tangible assets		7,273,097	3,588,325
-Intangible assets		588,184	-
-Work in progress		1,075,000	2,852,851
		<u>8,936,281</u>	<u>6,441,176</u>
Non-current investments	9	-	116,047,710
Deferred tax assets (net)	28	40,005,233	56,448,788
Long term loans and advances	10	85,705,899	104,620,924
Other non-current assets	11.2	569,552,398	434,311,199
		<u>695,263,530</u>	<u>711,428,621</u>
<b>CURRENT ASSETS</b>			
Current investments	9	86,070,175	-
Stock in Trade	12	6,226	3,071,608
Trade receivables	11.1	3,592,419,148	7,042,605,203
Cash and bank balances	13	2,299,124,441	1,175,476,359
Short-term loans and advances	10	29,332,510	68,509,991
Other current assets	11.2	78,900,922	41,815,536
		<u>6,085,853,422</u>	<u>8,331,478,697</u>
		<u><b>6,790,053,233</b></u>	<u><b>9,049,348,494</b></u>

Summary of significant accounting policies

2.1

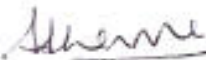
The accompanying notes are an integral part of the financial statements

As per report of even date  
For S.R. BATLIBOI & CO. LLP  
ICAI Firm Registration No.301003E  
Chartered Accountants

  
per Viren H. Mehta  
Partner  
Membership No. :- 048749  
Place: Mumbai  
Date: 21 April 2015



For and on behalf of the board of Directors




Shikha Sharma  
Chairperson  
DIN No. :- 00043265



Bhavesh Rupani  
Chief Financial Officer



Dharmesh Mehta  
Whole-time Director  
DIN No. :- 06734366



M. Natarajan  
Company Secretary



AXIS CAPITAL LIMITED

STATEMENT OF PROFIT AND LOSS

(Amount in Indian Rupees)

	Note No.	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenue from operation	14	2,887,382,228	1,697,874,373
Other income	15	305,730,983	201,328,023
		<u>3,193,113,211</u>	<u>1,899,202,396</u>
Employee benefit expense	16	969,918,049	624,518,536
Finance costs	17	2,438,072	78,616,692
Depreciation and amortization	19	4,682,179	2,962,252
Other expenses	18	577,746,686	856,544,344
		<u>1,554,784,986</u>	<u>1,562,641,824</u>
<b>Profit(loss) before tax</b>		<b>1,638,328,225</b>	<b>336,560,572</b>
<b>Tax expenses:</b>			
Current tax		543,000,000	145,000,000
Adjustment of tax relating to previous year		(130,954)	55,968
Deferred Tax		16,443,555	(29,013,675)
<b>Total tax expense</b>		<u>559,312,601</u>	<u>116,042,293</u>
<b>Profit after tax and before prior period effect of the scheme</b>		<b>1,079,015,624</b>	<b>220,518,279</b>
Loss of business demerged from appointed date i.e. 20 October 2012 to 31 March 2013		-	14,218,525
<b>Profit for the year</b>		<u><b>1,079,015,624</b></u>	<u><b>234,736,804</b></u>
<b>Earning per equity share:</b>	20		
(Nominal Value per share Rs. 10)			
Basic		14.68	4.10
Diluted		14.68	4.10

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements

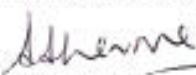
As per report of even date  
For S.R. BATLIBOI & CO. LLP  
ICAI Firm Registration No.301003E  
Chartered Accountants



per Viren H. Mehta  
Partner  
Membership No. :- 048749  
Place: Mumbai  
Date: 21 April 2015



For and on behalf of the board of Directors



Shikha Sharma  
Chairperson  
DIN No. :- 00043265

  
Bhavesh Rupani  
Chief Financial Officer



Dharmesh Mehta  
Whole-time Director  
DIN No. :- 06734366

  
M. Natarajan  
Company Secretary

AXIS CAPITAL LIMITED

Cash flow statement for the year ended March 31, 2015

Particulars	Year ended 31 March 2015 ₹	Year ended 31 March 2014 ₹
<b>A) Cash flows from operating activities</b>		
Profit/(loss) before taxes	1,638,328,225	336,560,572
Non cash & non operating adjustments:		
Other income	(305,730,983)	(201,328,023)
Depreciation and amortisation	4,682,179	2,962,252
Sundry Balance Written off	2,450,804	-
Provision for bad and doubtful debts	8,815,843	4,351,019
Bad debts written off	12,779,154	10,206,429
Reversal of provision of doubtful debts	(16,444,380)	(12,221,914)
Loss / (profit) on sale of fixed assets	(34,125)	3,868,378
<b>Operating profit/(loss) before working capital changes</b>	<b>1,344,654,717</b>	<b>144,398,711</b>
Movement in working capital:		
Decrease / (increase) in long term loan & advances	496,383	17,122,673
Decrease / (increase) in short term loan & advances	39,177,481	(105,190,717)
Decrease / (increase) in trade receivables	3,445,235,438	(5,461,951,046)
Decrease / (increase) in inventory	3,065,382	(16,563)
Decrease / (increase) fixed deposit under lien exchange	(125,875,000)	(232,246,203)
Increase / (decrease) in long term provisions	-	(19,132,035)
Increase / (decrease) in short term provisions	323,469,484	(14,546,609)
Increase / (decrease) in trade payables	(3,645,467,538)	5,549,189,882
Increase / (decrease) in other current liabilities	(16,312,831)	(43,624,501)
<b>Cash generated from operations</b>	<b>1,368,443,516</b>	<b>(164,058,405)</b>
Direct taxes paid (net of refund)	(524,581,358)	(141,490,267)
<b>Net cash from operating activities</b>	<b>843,862,158</b>	<b>(305,548,672)</b>
Income from Non operating activities	97,035,117	21,972,591
<b>Net cash generated from operations</b>	<b>940,897,275</b>	<b>(283,576,081)</b>
<b>B) Cash flow from investing activities</b>		
Purchase of fixed assets	(9,784,981)	(3,553,915)
Proceeds from sale of fixed assets	313,372	3,659,673
Purchase of investments	(7,304,800,000)	(6,207,250,000)
Sale of investments	7,571,488,838	6,265,973,749
Sale of investment in subsidiary	31,874,569	382,490,000
Investment in Bank FDs	(189,896,203)	(109,927,945)
Interest income	93,660,409	111,604,246
<b>Net cash used in investing activities</b>	<b>(7,143,396)</b>	<b>442,995,808</b>
<b>C) Cash flows from financing activities</b>		
Proceeds from issue of shares	-	500,000,000
Borrowings repaid	-	(1,540,000,000)
<b>Net cash from financing activities</b>	<b>-</b>	<b>(1,040,000,000)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>933,751,879</b>	<b>(880,578,272)</b>
Cash and cash equivalents at the beginning of the year	317,072,562	1,292,007,584
Cash and cash equivalents of demerged business	-	(94,356,750)
<b>Cash and cash equivalents at the end of the year</b>	<b>1,250,824,441</b>	<b>317,072,562</b>
Fixed deposits under lien	-	-
Fixed deposits (with maturity more than 90 days)	-	-
<b>Cash and bank balance as per balance sheet</b>	<b>1,250,824,441</b>	<b>317,072,562</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	45,832	98,093
With scheduled bank -		
-On current account	1,250,778,609	316,974,469
-On fixed deposit with original maturity for less than 3 months	-	-
<b>Total</b>	<b>1,250,824,441</b>	<b>317,072,562</b>

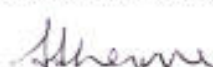
The accompanying notes are an integral part of the financial statements.

As per our report on even date  
For S.R. BATLIBOI & CO. LLP  
ICAI Firm Registration No.301003E  
Chartered Accountants



per Viren H. Mehta  
Partner  
Membership No. :- 048749  
Place: Mumbai  
Date: 21 April 2015

For and on behalf of the Board of Directors

  
Shikha Sharma  
Chairperson  
DIN No. :- 00043265

  
Bhavesh Rupani  
Chief Financial Officer

  
Dharmesh Mehta  
Whole-time Director  
DIN No. :- 05734356

  
M. Natarajan  
Company Secretary



## **AXIS CAPITAL LIMITED**

### **Notes to financial statement for the year ended 31 March 2015**

#### **1. Nature of operations**

Axis Capital Limited ('the Company') domiciled in India. The Company is a wholly owned subsidiary of Axis Bank Limited ('the Bank'). The Company is in the business of institutional broking, investment banking and distribution of financial products.

On 9 December 2012, the Board of Directors of the Company and subsequently, on 14 January 2013, at an extra ordinary general meeting of the shareholder of the Company i.e. Axis Bank Limited approved the scheme of demerger ('Scheme of Demerger') among the Company, Axis Securities Limited ('ASL') and their respective shareholders and creditors. Under the Scheme of Demerger effective 20 October 2012, the Company demerged its business of resources management and marketing of third party financial products ('Sales Division') and retail online broking ('Broking Division') under the going concern basis having the net assets of Rs. 1,215,387,525. The Scheme of Demerger also includes the reduction of the issued, subscribed and paid-up share capital of the Company by 121,500,000 equity shares of Rs. 10 each fully paid, which does not involve either diminution of liability in respect of unpaid share capital or payment of paid up capital of the Company to its shareholders and interest of the creditors are not affected by the reduction.

Further, the High Court, Bombay, vide their Order dated 26 April 2013, has approved the Scheme of Demerger. The Company has filed the high court order with the Registrar of Companies on 22 May 2013.

#### **2. Basis of preparation**

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

##### **2.1 Summary of significant accounting policies**

###### **i. Use of estimates**

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

###### **ii. Fixed assets including intangible assets**

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



Two handwritten signatures in blue ink. The first is a simple scribble, and the second is more legible, appearing to be 'BN' followed by a flourish.



## AXIS CAPITAL LIMITED

### Notes to financial statement for the year ended 31 March 2015

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

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

#### iii. Depreciation and amortization

Till the year ended 31<sup>st</sup> March 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact of the current year is likely to hold good for the future years also.

##### (a) Useful lives/ depreciation rates

Till the year ended 31<sup>st</sup> March 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II of the Companies Act 2013 prescribes useful lives for fixed assets which in many cases are different from lives prescribed under the erstwhile schedule XIV. However Schedule II allows companies to use higher/lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimates of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under schedule II. Hence, this change in accounting policy did not have any material impact on financial statements of the company.

Depreciation on fixed assets is calculated on the 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 fixed assets

##### Useful lives estimated by the management (years)

Computers	3 years
Furniture and Fixtures	10 years
Office Equipments	3 – 10 years
Vehicles	4 years



Handwritten signatures and initials in blue ink, including a large stylized signature and several smaller initials.

## AXIS CAPITAL LIMITED

### Notes to financial statement for the year ended 31 March 2015

The intangible assets (software) are amortized on a Straight Line basis over a period of five years

The management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of assets.

- The useful lives of certain office equipment are estimated as 3 to 10 years, which are lower than those indicated in schedule II.
- Furniture and fixtures and vehicles are depreciated over the estimated useful lives of 10 years and 4 years, respectively, which are lower than those indicated in schedule II.

#### 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.



Handwritten blue ink signatures and initials, including a large stylized 'S' and a signature that appears to be 'R. G. G.'.



## AXIS CAPITAL LIMITED

### Notes to financial statement for the year ended 31 March 2015

#### 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.

##### Brokerage -

- a. Brokerage income in relation to stock broking activity is recognized as per contracted rates at the execution of transactions on behalf of the customers on a trade date basis.
- b. Gains/losses on dealing in securities are recognized on a trade date basis

##### Investment Banking -

- c. Revenue from issue management, loan syndication, financial advisory services is recognized based on the stage of completion of assignments and terms of agreement with the client.
- d. 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.

##### Interest -

- e. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.
- f. Dividend income is recognized when the Company's right to receive payment is established by the balance sheet date.

#### vii. Stock in Trade

Securities acquired with the intention of 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 benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.
- b. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation using the projected unit credit method, made at the end of each year. 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.



Handwritten blue ink signatures and initials, including "BM" and a large stylized signature.

## AXIS CAPITAL LIMITED

### Notes to financial statement for the year ended 31 March 2015

- 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. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred

#### ix. Income taxes

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



Three handwritten signatures in blue ink, appearing to be initials or names, located in the bottom right corner of the page.



## AXIS CAPITAL LIMITED

### Notes to financial statement for the year ended 31 March 2015

#### x. Investment

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

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

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

#### xi. Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings

#### xii. Foreign currency translations and balances

##### (i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

##### (ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

##### (iii) Exchange differences

All exchange differences on monetary items are recognized as income or as expenses in the period in which they arise.



Handwritten signature and initials in blue ink, appearing to be "S. R. Batliboi" and "S. R. Batliboi".

## AXIS CAPITAL LIMITED

### Notes to financial statement for the year ended 31 March 2015

#### 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.



A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the left.

AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2015

3. Share capital

	31-Mar-15 ₹	31-Mar-14 ₹
<b>Authorized shares</b>		
175,000,000 (31 March 2014: 175,000,000) equity shares of ₹10/- each	1,750,000,000	1,750,000,000
<b>Issued share capital</b>		
73,500,000 (31 March 2014: 73,500,000) equity shares of ₹10/- each	735,000,000	735,000,000
<b>Subscribed and fully paid-up shares</b>		
73,500,000 (31 March 2014: 73,500,000) equity shares of ₹10/- each	735,000,000	735,000,000

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

Equity shares

	31-Mar-15		31-Mar-14	
	No.	₹	No.	₹
At the beginning of the year	73,500,000	735,000,000	145,000,000	1,450,000,000
Issued during the year	-	-	50,000,000	500,000,000
Cancelled during the year (Refer note 1)	-	-	121,500,000	1,215,000,000
Outstanding at the end of the year	73,500,000	735,000,000	73,500,000	735,000,000

b. Terms/right attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in the proportion of the number of shares held by the shareholders.

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

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

Name of shareholder	31-Mar-15		31-Mar-14	
	₹	% of holding	₹	% of holding
Axis Bank Limited, the holding Company and its nominees				
73,500,000 (31 March 2014: 73,500,000) equity shares of ₹10/- each	735,000,000	100%	735,000,000	100%

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

Name of shareholder	31-Mar-15		31-Mar-14	
	No. of shares	% of holding	No. of shares	% of holding
Axis Bank Limited, the holding Company and its nominees				
equity shares of ₹10/- each	73,500,000	100%	73,500,000	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.



Handwritten signatures and initials, including a large stylized signature and the letters 'AS'.



AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2015

4. Reserve & Surplus

	31-Mar-15 ₹	31-Mar-14 ₹
<b>General Reserve</b>		
Balance as per last financial statements	129,237,420	129,237,420
Addition	-	-
Balance at the end of the year	<b>A 129,237,420</b>	<b>129,237,420</b>
<b>Surplus/(deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	998,179,119	763,829,840
Write off for capital reduction (Refer note 1)	-	(387,525)
Profit for the year	1,079,015,624	234,736,804
Less: Appropriations		
Proposed final equity dividend (amount per share ₹7 (31 March 2014: Nil))	(514,500,000)	-
Tax on proposed equity dividend	(104,740,094)	-
Total appropriations	(619,240,094)	-
Balance at the end of the year	<b>B 1,457,954,649</b>	<b>998,179,119</b>
<b>Total</b>	<b>(A+B) 1,587,192,069</b>	<b>1,127,416,539</b>

5. Provisions

	Long-term		Short-term	
	31-Mar-15 ₹	31-Mar-14 ₹	31-Mar-15 ₹	31-Mar-14 ₹
<b>Provision for employee benefits</b>				
Gratuity payable			2,964,518	3,632,218
Provision for leave	-	-	1,121,926	1,080,871
Provision for bonus			401,549,882	77,500,000
	-	-	<b>405,636,326</b>	<b>82,213,089</b>
<b>Other provisions</b>				
Lease equalization	-	-	236,252	190,005
Proposed equity dividend	-	-	514,500,000	-
Provision for tax on proposed equity dividend	-	-	104,740,094	-
	-	-	<b>619,476,346</b>	<b>190,005</b>
<b>Total</b>	-	-	<b>1,025,112,672</b>	<b>82,403,094</b>

6. Trade Payables

	31-Mar-15 ₹	31-Mar-14 ₹
Trade payables (refer note 27 for details of dues to micro and small enterprises)	3,385,862,609	7,031,330,147
	<b>3,385,862,609</b>	<b>7,031,330,147</b>

7. Others current liabilities

	31-Mar-15 ₹	31-Mar-14 ₹
Expense creditors		
-Due to holding company 'Axis Bank Limited'	611,213	12,951,885
-Due to others	39,542,465	22,190,752
Undisputed statutory dues	16,732,205	38,056,077
<b>Total</b>	<b>56,885,883</b>	<b>73,198,714</b>



Handwritten signature and initials in blue ink.

AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2015

8. Fixed Assets

Assets	Gross Block					Depreciation					Net Block	
	As at 31 March, 2014	Disposal on demerger	addition	Deductions	As at 31 March, 2015	As at 31 March, 2014	For the year	Deductions on demerger	Other Deductions	As at 31 March, 2015	As at 31 March, 2015	As at 31 March, 2014
<b>Tangible assets</b>												
Furniture	265,996	-	-	-	265,996	50,742	26,600	-	-	77,342	188,654	215,254
Printers etc.	2,016,095	-	17,400	317,460	1,716,035	788,953	1,193,129	-	317,460	1,664,622	51,413	1,227,142
Fax, UPS, Batteries etc.	313,691	-	12,990	-	326,681	109,833	175,116	-	-	284,949	41,732	203,858
EPABX etc.	74,648	-	-	-	74,648	29,859	44,789	-	-	74,648	-	44,789
Other Office Equipments	692,423	-	646,483	-	1,338,906	202,594	121,756	-	-	324,350	1,014,556	489,829
Computers	24,679,002	-	7,509,719	573,473	31,615,248	23,271,549	2,940,430	-	573,473	25,038,506	5,976,742	1,407,453
Vehicles	646,044	-	347,570	347,570	646,044	646,044	68,324	-	68,324	646,044	-	-
	<b>28,687,899</b>	-	<b>8,534,162</b>	<b>1,238,503</b>	<b>35,983,558</b>	<b>25,099,574</b>	<b>4,570,144</b>	-	<b>959,257</b>	<b>28,710,461</b>	<b>7,273,097</b>	<b>3,588,326</b>
<b>Intangible assets</b>												
Software	-	-	700,219	-	700,219	-	112,035	-	-	112,035	588,184	-
<b>Capital Work in Progress</b>												
Computer hardware	2,327,851	-	-	2,327,851	-	-	-	-	-	-	-	-
<b>Intangible assets under development</b>												
	525,000	-	550,000	-	1,075,000	-	-	-	-	-	1,075,000	525,000
<b>Total</b>	<b>31,540,750</b>	-	<b>9,784,381</b>	<b>3,566,354</b>	<b>37,758,777</b>	<b>25,099,574</b>	<b>4,682,179</b>	-	<b>959,257</b>	<b>28,822,496</b>	<b>8,936,281</b>	<b>6,441,176</b>
Previous Year	262,438,919	220,616,340	3,553,915	13,835,744	31,540,750	145,390,454	2,962,252	116,945,442	6,307,690	25,099,574	6,441,176	117,048,464



*(Handwritten signature)*

AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2015

9. Investment

	Non-current		Current	
	31-Mar-15 ₹	31-Mar-14 ₹	31-Mar-15 ₹	31-Mar-14 ₹
<b>Trade investment in subsidiaries</b> (Unquoted, valued at cost unless otherwise stated)				
Axis Securities Europe Limited* (1,000,002, equity shares of ₹ 1 each fully paid)	-	86,070,175	86,070,175	-
Enam International Limited (1800, equity shares of ₹1,000 each fully paid)	-	87,151,000	-	-
Less:- Provision for impairment	-	57,173,465	-	-
	-	29,977,535	-	-
<b>Total</b>	-	116,047,710	86,070,175	-

\* Investment in Axis Securities Europe Ltd. has been classified as held for sale, since the Management has decided to sell these investment in FY 2014-15

10. Loans and advances

	Non-current		Current	
	31-Mar-15 ₹	31-Mar-14 ₹	31-Mar-15 ₹	31-Mar-14 ₹
<b>Capital Advances</b>				
Unsecured, considered good	-	-	-	-
<b>A</b>	-	-	-	-
<b>Security/margin deposit</b>				
Unsecured, considered good	19,096,500	19,352,500	1,210,000	50,990,000
Unsecured, considered doubtful	-	-	-	-
	19,096,500	19,352,500	1,210,000	50,990,000
Less: Provision for doubtful	-	-	-	-
<b>B</b>	19,096,500	19,352,500	1,210,000	50,990,000
<b>Advances recoverable in cash or kind</b>				
Unsecured, considered good	-	-	19,742,024	7,889,760
<b>C</b>	-	-	19,742,024	7,889,760
<b>Other loans and advances</b> (Unsecured, considered good)				
Loans to employees	-	-	235,000	237,000
Advance income-tax (net)	66,004,833	84,423,475	-	-
Prepaid expenses	604,566	844,949	5,667,107	6,082,731
Balance with statutory/government authorities	-	-	2,478,379	3,310,500
<b>D</b>	66,609,399	85,268,424	8,380,486	9,630,231
<b>Total</b>	<b>(A+B+C+D)</b>			
		85,705,899	104,620,924	29,332,510
				68,509,991



Handwritten signatures and initials in blue ink.

AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2015

11. Trade receivables and other assets

11.1 Trade receivables

	Non-current		Current	
	31-Mar-15 ₹	31-Mar-14 ₹	31-Mar-15 ₹	31-Mar-14 ₹
Unsecured, considered good unless stated otherwise Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	907,013	90,755
Doubtful	-	-	8,126,010	16,785,438
			9,033,023	16,876,193
Provision for doubtful receivables	-	-	(7,894,345)	(16,785,438)
<b>A</b>	-	-	<b>1,138,678</b>	<b>90,755</b>
Other receivables				
Unsecured, considered good	-	-	3,591,255,394	7,042,514,448
Doubtful	-	-	1,087,632	-
	-	-	3,592,343,026	7,042,514,448
Provision for doubtful receivables	-	-	(1,062,556)	-
<b>B</b>	-	-	<b>3,591,280,470</b>	<b>7,042,514,448</b>
<b>Total</b>	<b>(A+B)</b>	-	<b>3,592,419,148</b>	<b>7,042,605,203</b>

11.2 Other assets

	Non-current		Current	
	31-Mar-15 ₹	31-Mar-14 ₹	31-Mar-15 ₹	31-Mar-14 ₹
Unsecured, considered good unless stated otherwise				
Non-current bank balances	559,175,000	433,300,000	-	-
Others				
Interest accrued on fixed deposits	10,377,398	1,011,199	78,900,922	41,815,536
	<b>569,552,398</b>	<b>434,311,199</b>	<b>78,900,922</b>	<b>41,815,536</b>

12. Stock in trade

	31-Mar-15 ₹	31-Mar-14 ₹
Opening	3,071,608	3,055,045
Purchase	234,220,673	956,424,674
Sale at cost	243,412,939	957,834,030
Closing	<b>6,226</b>	<b>3,071,608</b>

(Closing stock has been stated at cost or market value whichever is less)



Handwritten signatures and initials.

AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2015

13. Cash and bank balances

	Non-current		Current	
	31-Mar-15 ₹	31-Mar-14 ₹	31-Mar-15 ₹	31-Mar-14 ₹
Cash and cash equivalents				
-Cash on hand	-	-	45,832	98,093
Balances with banks:				
- On current accounts	-	-	1,250,778,609	316,974,469
-Deposits with original maturity for less than 3 months	-	-	-	-
<b>A</b>	<b>-</b>	<b>-</b>	<b>1,250,824,441</b>	<b>317,072,562</b>
Other bank balances				
- Deposits with original maturity for more than 12 months	-	-	-	7,028,797
- Deposits with original maturity for more than 12 months under lien	559,175,000	433,300,000	1,048,300,000	796,375,000
- Deposits with original maturity for more than 3 months but less than 12 months	-	-	-	-
- Deposits with original maturity for more than 3 months but less than 12 months under lien	-	-	-	55,000,000
<b>B</b>	<b>559,175,000</b>	<b>433,300,000</b>	<b>1,048,300,000</b>	<b>858,403,797</b>
Amount disclosed under non-current assets (note 11.2) <b>C</b>	559,175,000	433,300,000	-	-
<b>Total (A+B-C)</b>	<b>-</b>	<b>-</b>	<b>2,299,124,441</b>	<b>1,175,476,359</b>



Handwritten signatures and initials in blue ink.



AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2015

14. Revenue from operations

	For the year ended 31 March 2015 ₹	For the year ended 31 March 2014 ₹
Fees from advisory services and other professional services	1,505,374,015	531,719,413
Brokerage income	1,382,008,213	1,166,154,960
	<b>2,887,382,228</b>	<b>1,697,874,373</b>

15. Other income

	For the year ended 31 March 2015 ₹	For the year ended 31 March 2014 ₹
Profit on sale of current investment/devolved securities/dealing error	74,304,288	59,831,636
Interest income	176,050,796	120,631,683
Reversal of liability no longer required	43,588,267	20,303,188
Miscellaneous Income	9,890,598	561,516
Gain on Liquidation of Subsidiary	1,897,034	-
	<b>305,730,983</b>	<b>201,328,023</b>

16. Employee benefits expense

	For the year ended 31 March 2015 ₹	For the year ended 31 March 2014 ₹
Salaries, wages and bonus	949,255,480	610,439,590
Contribution to provident and other funds	4,194,727	4,132,057
Gratuity expense	10,894,475	3,838,771
Staff welfare expenses	5,573,367	6,108,118
	<b>969,918,049</b>	<b>624,518,536</b>

17. Finance costs

	For the year ended 31 March 2015 ₹	For the year ended 31 March 2014 ₹
Interest other than on fixed loan	2,438,072	78,616,692
Bank guarantee commission	-	-
	<b>2,438,072</b>	<b>78,616,692</b>



*Handwritten signatures and initials in blue ink.*




**18. Other expenses**

	For the year ended 31 March 2015 ₹	For the year ended 31 March 2014 ₹
Advertisement and Sales Promotion	-	5,312,449
Stamp Duty	17,914,737	5,347,143
Trade confirmation Charges	35,532,505	32,846,630
Brokerage expenses	257,789,790	440,518,901
Stock Exchange Expenses	25,946,146	13,963,407
Printing and Stationary	5,710,164	5,402,887
Electricity & Water Charges	10,453,149	9,759,580
Rent	45,088,402	45,745,115
Repairs & Maintenance		
- Others	13,894,739	8,349,652
CSR expenditure (Donation)	4,225,000	-
Insurance	867,837	1,516,384
Rates and taxes	6,325,118	9,519,222
Professional Fees	23,796,189	25,928,958
Software Expenses	360,185	1,100,740
Telephone, Fax & Internet	8,609,395	7,979,526
Foreign Exchange loss	296,418	486,739
Demerger Expenses	-	127,781,877
Travelling & Conveyance Expenses	36,153,793	33,173,592
Director's Sitting Fees	380,000	300,000
Auditors Remuneration:		
- For Audit	1,600,000	1,400,000
- Other	170,655	371,416
Loss on sale of Fixed assets	-	3,868,378
Miscellaneous expenses	77,681,847	73,536,216
Bad debts		
- Provision for bad and doubtful debts	8,615,843	4,351,019
- Bad debts written off	12,779,154	10,206,429
- Reversal of provision of doubtful debts	(16,444,380)	(12,221,916)
	<b>577,746,686</b>	<b>856,544,344</b>

**19. Depreciation and amortization expense**

	For the year ended 31 March 2015 ₹	For the year ended 31 March 2014 ₹
Depreciation of tangible assets	4,570,144	2,962,252
Amortization of intangible assets	112,035	-
	<b>4,682,179</b>	<b>2,962,252</b>



## AXIS CAPITAL LIMITED

Notes to financial statement for the year ended 31 March 2015

### 20. Earnings per Share (EPS)

	2014 - 2015 ₹	2013-2014 ₹
Profit/ (loss) after tax	1,079,015,624	220,518,279
<b>Net profit/ (loss) for calculation of basic EPS</b>	<b>1,079,015,624</b>	<b>220,518,279</b>
Net profit as above	1,079,015,624	220,518,279
Add : dividends on convertible preference shares & tax thereon	-	-
Add : interest on bonds convertible into equity shares (net of tax)	-	-
<b>Net profit/ (loss) for calculation of diluted EPS</b>	<b>1,079,015,624</b>	<b>220,518,279</b>
	<b>No.</b>	<b>No.</b>
Weighted average number of equity shares in calculating basic EPS	73,500,000	53,793,973
<b>Effect of dilution:</b>		
Convertible preference shares	-	-
Convertible bonds	-	-
Stock options granted under ESOP	-	-
<b>Weighted average number of equity shares in calculating diluted EPS</b>	<b>73,500,000</b>	<b>53,793,973</b>
<b>Earnings per share (Basic and diluted)</b>	<b>14.68</b>	<b>4.10</b>

### 21. Contingent Liabilities

	31 March 2015 ₹	31 March 2014 ₹
(A) Claims against the Company not acknowledged as debts*	12,500,000	17,830,750
(B) Claims against the Company not acknowledged as debts**		
- For Service Tax	640,057	2,450,577
- For Property Tax	6,306,470	6,306,470
<b>Total</b>	<b>19,446,527</b>	<b>26,587,797</b>

\*As on March 31, 2015 the Company is facing certain litigations with regard to alleged infringement of the trade mark. The Company has made provision of ₹15,000,000 in the books for these litigation. Further, the Company is facing certain litigations with respect to alleged non disclosures in respect of investment banking jobs handled by the Company. The Management believes that its position will likely be upheld and the outcome of these proceeding will not have a material adverse effect on the Company's financial position and result of operations.



*Handwritten signature and initials.*

## AXIS CAPITAL LIMITED

### Notes to financial statement for the year ended 31 March 2015

\* \*The Company is contesting the demands and the management, believes that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax 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.

#### 22. Details of Foreign Currency Transactions

	2014 - 2015 ₹	2013-2014 ₹
a) Expenditure in foreign currency : travelling and others	28,101,788	24,445,311
b) Other income (expense) includes profit(loss) on account of conversion of foreign currency	(296,418)	(486,739)
c) Income in foreign currency : professional fees	44,752,346	48,258,642

#### 23. Segment information

The Company is operating under single business segment of capital market related activities and single geographical segment, hence no further details needs to be disclosed.

#### 24. Related Party Disclosures

Names of related parties where control exists irrespective of whether transactions have occurred or not  
Holding Company Axis Bank Limited

Key Management Personnel Mr. Nilesh Shah (Managing Director till 12/01/2015)  
Mr. Dharmesh Mehta

Subsidiary Axis Securities Europe Limited ("ASEL")  
Enam International Limited ("EIL") (Liquidated on 24/08/2014)

Fellow Subsidiary Axis Private Equity Limited ("APEL")  
Axis Mutual Fund Trustee Limited ("AMFTL")  
Axis Trustee Services Limited ("ATSL")  
Axis Asset Management Company Limited ("AAMCL")  
Axis Bank UK Limited ("ABUKL")  
Axis Finance Limited ("AFL")  
Axis Securities Limited ("ASL")

Joint Venture of Holding Company Bussan Auto Finance India Private Limited ("BAFIPL")  
(Investments sold on 30/03/2015)



Handwritten signature and initials.

**AXIS CAPITAL LIMITED**

Notes to financial statement for the year ended 31 March 2015

**Transactions with related parties**

Particulars	Holding Company	Subsidiary Company	Fellow Subsidiary	Key Management Personnel	Total
<b>Income</b>					
Brokerage Income	964,533	-	-	-	964,533
	(4,041,618)	-	-	-	(4,041,618)
Brokerage Income (AAMCL)	-	-	1,152,723	-	1,152,723
	-	-	(21,482)	-	(21,482)
Bank interest	140,015,269	-	-	-	140,015,269
	(86,618,866)	-	-	-	(86,618,866)
Other reimbursement (ASL)	-	-	105,618	-	105,618
Advisory Income (ASL)	-	-	700,000	-	700,000
Service charges (AFL)	-	-	995,564	-	995,564
	-	-	(446,087)	-	(446,087)

**Expenses**

Salaries (Mr. Nilesh Shah)	-	-	-	32,130,479	32,130,479
	-	-	-	(16,694,515)	(16,694,515)
Salaries (Mr. Dharmesh Mehta)	-	-	-	44,636,667	44,636,667
	-	-	-	(11,976,834)	(11,976,834)
Salaries (Mr. Mitesh Mehta)	-	-	-	15,438,796	15,438,796
	-	-	-	(4,938,804)	(4,938,804)
Reimbursement for operating expense	82,925,498	-	-	-	82,925,498
	(76,441,910)	-	-	-	(76,441,910)
Reimbursement for operating expense (ASL)	-	-	(9,480,043)	-	(9,480,043)
Reimbursement for operating expense (AFL)	-	-	53,954	-	53,954
	-	-	(771,995)	-	(771,995)



Handwritten signatures and initials.



**AXIS CAPITAL LIMITED**
**Notes to financial statement for the year ended 31 March 2015**

	<b>2,438,072</b>	-	-	-	<b>2,438,072</b>
Interest expense	(550,938)	-	-	-	(550,938)
Bank charges	<b>24,749</b>	-	-	-	<b>24,749</b>
	(16,463)	-	-	-	(16,463)
Demat charges	<b>49,392</b>	-	-	-	<b>49,392</b>
	(35,866)	-	-	-	(35,866)
Brokerage expense	<b>12,703,964</b>	-	-	-	<b>12,703,964</b>
	(28,276,704)	-	-	-	(28,276,704)
Brokerage expense (ASL)	-	-	<b>2,897,386</b>	-	<b>2,897,386</b>
	-	-	(3,076,727)	-	(3,076,727)
Service charges paid (ASL)	-	-	-	-	-
	-	-	(550,000)	-	(550,000)
Fees paid	<b>5,000,000</b>	-	-	-	<b>5,000,000</b>
	(7,500,000)	-	-	-	(7,500,000)
<b>Other Transactions</b>					
Sale of Investment In subsidiary	-	-	-	-	-
	(382,490,000)	-	-	-	(382,490,000)
Purchase of Fixed Assets (wdv)	<b>343,970</b>	-	-	-	<b>343,970</b>
	-	-	-	-	-
Sale of fixed asset (ASL)	-	-	(500,000)	-	(500,000)
	-	-	-	-	-
Transfer of Assets under scheme of arrangement (ASL)	-	-	(1,792,610,701)	-	(1,792,610,701)
	-	-	-	-	-
Transfer of Liabilities under scheme of arrangement (ASL)	-	-	(577,233,176)	-	(577,233,176)
	-	-	-	-	-
Capital reduction	(1,215,000,000)	-	-	-	(1,215,000,000)
	-	-	-	-	-
Share capital issued	(500,000,000)	-	-	-	(500,000,000)
	-	-	-	-	-
<b>Balances outstanding as at the year end</b>					
Fixed deposit (including interest accrued)	<b>1,696,753,319</b>	-	-	-	<b>1,696,753,319</b>
	(1,326,386,870)	-	-	-	(1,326,386,870)
Share Capital	<b>735,000,000</b>	-	-	-	<b>735,000,000</b>
	(735,000,000)	-	-	-	(735,000,000)
Current account	<b>1,222,409,432</b>	-	-	-	<b>1,222,409,432</b>



Handwritten signatures and initials in blue ink.

## AXIS CAPITAL LIMITED

### Notes to financial statement for the year ended 31 March 2015

	(294,692,513)	-	-	-	(294,692,513)
	<b>611,213</b>	-	-	-	<b>611,213</b>
Other payables	(27,868,126)	-	-	-	(27,868,126)
Accounts payable (ASL)	-	-	<b>4,470</b>	-	<b>4,470</b>
	-	-	(20,318)	-	(20,318)
Accounts receivable (AAMC)	-	-	<b>483,598</b>	-	<b>483,598</b>
	-	-	(468,437)	-	(468,437)
Accounts receivable (AFL)	-	-	-	-	-
	-	-	(456,615)	-	(456,615)
Accounts receivable (for services rendered)	(12,951,885)	-	-	-	(12,951,885)

1. Figures in bracket pertains to previous year
2. There are no transactions with joint venture of holding company during the year.
3. As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.



**AXIS CAPITAL LIMITED****Notes to financial statement for the year ended 31 March 2015****25. Leases***Operating Lease:*

Office premises are obtained on operating lease. There are no restrictions imposed by lease arrangements. There are no subleases.

	Operating Lease	
	2014-15 (₹)	2013-2014 (₹)
Minimum lease payments :		
-Not later than one year	22,504,018	45,005,076
-Later than one year but not later than five years	830,171	23,291,708
-Later than five years	-	159,636
Lease payment for the year	45,088,402	45,754,115

**26. Gratuity and other benefit plans**

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

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

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

	2014-15 (₹)	2013-14 (₹)
Current service cost	6,195,924	6,583,824
Interest cost on benefit obligation	7,178,319	5,403,144
Amount paid to Axis Bank Ltd. for transfer of employees	7,876,003	-
Amount paid to Axis Finance Ltd. for transfer of employees	53,954	-
Expected return on plan assets	(6,837,617)	(3,755,928)
Net actuarial (gain)/ loss recognised in the year	(3,572,108)	(4,392,269)
Past service cost	-	-
<b>Net benefit expense</b>	<b>10,894,475</b>	<b>3,838,771</b>
Actual return on plan assets	7,831,499	4,796,798



Handwritten signatures and initials in blue ink.

## AXIS CAPITAL LIMITED

### Notes to financial statement for the year ended 31 March 2015

#### Balance sheet

#### Details of provision for gratuity

	2014-15 (₹)	2013-2014 (₹)
Defined benefit obligation	82,605,892	76,527,918
Fair value of plan assets	(79,641,374)	(72,895,700)
Liability	2,964,518	3,632,218

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

	2014-15 (₹)	2013-2014 (₹)
Opening defined benefit obligation	76,527,918	79,799,394
Liability transferred on account of demerger	-	(10,528,321)
Interest cost	7,178,319	5,403,144
Current service cost	6,195,924	6,583,824
Liability transferred in	-	-
Benefits paid	(4,718,043)	(1,378,724)
Actuarial (gains)/losses on obligation	(2,578,226)	(3,351,399)
Closing defined benefit obligation	82,605,892	76,527,918

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

	2014-15 (₹)	2013-2014 (₹)
Opening fair value of plan assets	72,895,700	53,032,419
Asset transferred on account of demerger	-	(2,953,379)
Expected return	6,837,617	3,755,928
Contributions by employer	3,632,218	19,398,586
Benefits paid	(4,718,043)	(1,378,724)
Assets transferred	-	-
Actuarial gains/(losses)	993,882	1,040,870
Closing fair value of plan assets	79,641,374	72,895,700



Handwritten signatures and initials in blue ink, including a large stylized signature and several smaller initials.



**AXIS CAPITAL LIMITED**

**Notes to financial statement for the year ended 31 March 2015**

The Company expects to contribute ₹8,881,357 (Previous year ₹9,828,142) 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:

	Gratuity	
	31 March 2015	31 March 2014
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. There has been significant change in expected rate of return on assets due to the improved stock market scenario.

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

	Gratuity		Compensated absence	
	2014-15	2013-14	2014-15	2013-14
	%	%	%	%
Discount rate	7.92	9.38	7.92	9.02
Expected rate of return on assets	7.92	9.38	-	-
Employee turnover	7	7	7	7
Salary escalation rate	7	7	7	7

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

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

	2014-15	2013-14	2012-13	2011-12	2010-11
	(₹)	(₹)	(₹)	(₹)	(₹)
Defined benefit obligation	82,605,892	76,527,918	79,799,394	7,684,303	4,034,685
Plan assets	79,641,374	72,895,700	53,032,419	2,941,055	1,866,222
Surplus / (deficit)	(2,964,518)	(3,632,218)	(26,766,975)	(4,743,248)	(2,168,463)
Experience adjustments on plan liabilities	(9,086,211)	(2,204,653)	2,064,652	2,305,902	1,478,374
Experience adjustments on plan assets	993,882	1,040,870	101,600	(20,629)	(59,744)



*(Handwritten signatures and initials)*

## AXIS CAPITAL LIMITED

### Notes to financial statement for the year ended 31 March 2015

27. 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 2015 and 31 March 2014 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.

28. Deferred Tax Asset arising on account of provision for diminution in the value of investment & capital losses, if any has not been recognized in view of the uncertainty of the timing of sale of investment and the capital gains arising there from.

	31 March 2015 (₹)	31 March 2014 (₹)
Deferred tax Assets comprise timing difference on account of :		
-Depreciation	2,225,065	3,030,019
-Provision for doubtful debts	3,044,451	5,705,370
-Demerger expenses	34,655,145	47,639,816
-Provision for lease equalization charges	80,302	64,583
<b>Total</b>	<b>40,005,233</b>	<b>56,448,788</b>

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

	31 March 2015 (₹)	31 March 2014 (₹)
Commitment for addition/acquisition of software	-	200,000
<b>Total</b>	<b>-</b>	<b>200,000</b>

30. The Company has the Bank guarantee facility from Axis Bank for ₹50,000,000 (Previous year: ₹ 1,000,000,000) of which ₹ Nil (Previous year: ₹ Nil) has been utilized as at 31 March 2015.

31. Pursuant to the Scheme of Demerger referred in note 1, the Company has reduced the issued, subscribed and paid-up share capital by 121,500,000 equity shares of Rs. 10 each fully paid. The said Scheme of Demerger has been executed effective 20 October 2012 on filing of scheme to Registrar of Companies on 22 May 2013.

The carrying amounts of the total assets and liabilities transferred to Axis Securities Limited, pertaining to the demerged business are as follows:



Three handwritten signatures in blue ink, located to the right of the stamp.

# AXIS CAPITAL LIMITED

Notes to financial statement for the year ended 31 March 2015

	19-Oct-12 (₹)
<b>Assets</b>	
Fixed assets net block (including intangible assets)	121,661,389
Loans & advances	190,920,086
Cash & bank balances	3,415,456,324
Trade receivables	467,588,730
Other deposits	210,521,940
Other current assets	17,804,817
<b>Total assets</b>	<b>4,423,953,286</b>
<b>Liabilities</b>	
Trade payables	206,225,007
Short term borrowings	2,740,000,000
Provisions (short term and long term provision)	38,289,163
Creditors for capital expenditure	1,847,622
Other current liabilities	222,203,969
<b>Total liabilities</b>	<b>3,208,565,761</b>
<b>Net assets</b>	<b>1,215,387,525</b>
<b>Share cancelled</b>	<b>1,215,000,000</b>
Excess of net assets of demerged business over shares cancelled adjusted with surplus in the statement of profit and loss	387,525

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

Particulars	For the period 20 October 2012 to 31 March 2013
Revenue	1,142,965,303
Expense	(1,129,745,672)
Provision for employee termination	-
<b>Profit / (Loss) from operating activities</b>	<b>13,219,631</b>
Finance costs	(582,223)
Depreciation and amortization expense	(18,548,800)
<b>Profit / (Loss) before Tax</b>	<b>(5,911,392)</b>
<b>Add/(Less) Current tax including deferred tax</b>	<b>(8,307,133)</b>
	<b>14,218,525</b>



*[Handwritten signatures]*

**AXIS CAPITAL LIMITED**

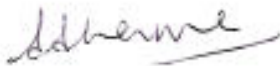
**Notes to financial statement for the year ended 31 March 2015**

**32. Previous year comparatives**

In view of the demerger of business of Sales Division and Broking Division with effect from 20 October 2012, current year figures are not comparative with previous year figures.

**33. Previous year figures have been re-grouped/reclassified wherever necessary to confirm the current year classification.**

**For and on behalf of the board of Directors**



**Shikha Sharma**  
Chairperson  
DIN No. :- 00043265



**Dharmesh Mehta**  
Whole-time Director  
DIN No. :- 06734366



**Bhavesh Rupani**  
Chief Financial Officer



**M. Natarajan**  
Company Secretary

Place: Mumbai

Date: 21 April 2015

