

**DIRECTORS' REPORT**

The Board of Directors is pleased to submit the Eighth Annual Report on the business and operations of the Company along with the Audited Balance Sheet and Statement of Profit & Loss for the year ended 31<sup>st</sup> March 2014.

**FINANCIAL PERFORMANCE**

In a very competitive market during the year, the Company achieved a total income of Rs.190 Crores during the year under review as compared to Rs.164 Crores for the previous year 2012-13.

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

**Financial Performance of the Company**
**(Rs in crore)**

	2013 - 2014	2012-13				
		Since Demerged	Axis Sales & Securities		Erstwhile acquired businesses (IB+IE+IS)	Total
			Axis Sales	Axis Direct		
Revenue	189.9	196.1	33.8	163.8	393.7	
Direct Cost	62.5	160.4	26.3	62	248.7	
Indirect Cost	73.2	15.6	26.4	46.1	88.1	
Financial cost	7.8	0	0	0	12.3	
Impairments	-	0	0	0	5.7	
Stamp duty /Demerger expenses	12.8	0	0	0	6.3	
Total Cost	156.3	176	52.7	108.1	361.1	
PBT - Business Operations		20.1	-18.9	55.7		
PBT	33.7				32.6	
TAX	11.6				6.1	
PAT	22.1				26.5	

## OPERATIONS

During the course of the financial year under review, your Company had completed de-merger of retail sales and equities business to Axis Securities Limited. With a view to comply with the requirements prescribed by the RBI while approving the original de-merger scheme, your Company has transferred its holding in Axis Finance Limited and residual holding post de-merger in Axis Securities Limited to Axis Bank Limited so as to make these Companies 100% subsidiary of Axis Bank. Your Company is presently engaged in three lines of business namely investment banking, Institutional equities, and Investment Solutions.

Total business volume in the investment banking space came down from ~US\$ 50 billion in the previous year to ~ US\$ 39 billion in FY14. The fee pool (excluding advisory business) dropped in line with volumes from USD 117 million in FY13 to about US\$98 million in FY14.

FY14 was a tough year for the Equity Capital Markets (ECM) with just a handful overall offerings – just three IPOs; half a dozen QIP's; and less than a dozen rights offerings – even the government's disinvestment program saw just a handful of offerings. ECM fee pool shrunk from USD 47 million in FY 13 to USD 27 million in FY 14. Even the domestic M&A fees fell by ~20% in spite of the overall volumes being flat, due to an increasing reliance on in-house M&A teams.

On the ECM front, your Company has maintained volume market share of 15% of the deal value and maintained its position at the top of the league table for the private sector deals.

In the M&A business, your Company continues to improve its standings and have moved up to the top slot in domestic deals improving from the 2<sup>nd</sup> position in the previous year.

Investment Banking closed 88 transactions last year covering equity capital raising in primary & secondary market, M&A advisory and structured finance.

The investment banking team closed two transactions in structured finance. As demands of clients grow more complex, our ability to service them in an integrated manner is bound to be our competitive advantage.

Investment Banking team's distribution network was the largest mobiliser of funds in tax free bond IPO's exceeding Rs.5400 crore in FY 14. Institutional Equities business grew by 11% in the current year breaking the downward trend of past few years. Our focused effort on Top Tier clients and on block deals ensured that our net revenue improved by 11% in an environment wherein the overall commission pool shrunk by approx. ~20%. While Institutional volumes were up about 15%, the pressure on yields continued, as clients pushed for reduced commissions or lower yielding products (ETF/DMA/Basket), in addition to the SEBI mandated cut in DII commission rates by more than 50%.

Investment solution business also faced a challenging environment due to regulatory changes. Despite the odds, the team maintained the Assets Under management (AUM) as well Revenue this year. The Company remained in top five institutional distributors of mutual funds in India with an average AUM of Rs. 13,658 for FY 2013-14.

Axis Capital team focused on cross selling various products of Axis Bank from salary accounts, trustee services, credit products and treasury product to its clients and generate significant transaction.

#### **DIVIDEND**

To augment the resources and to strengthen the financial position, your Directors do not recommend any dividend for the year ended on 31<sup>st</sup> March 2014.

#### **DIRECTORS**

- In accordance with the provisions of the Companies Act, 2013 and the Article of Association of the Company, Mrs. Shikha Sharma, Mr.V.Srinivasan and Mr. Mr.Manish Chokhani retires by rotation at the Eighth Annual General Meeting and, being eligible, offers themselves for re-appointment.

- Mr. Manish Chokhani resigned as Managing Director of the Company with effect from November 15, 2013 but continue to act as Director. The Board places on record, its appreciation for the efforts and contribution made by Mr. Manish Chokhani during his tenure as the Managing Director of the Company.
- Mr. Dharmesh Mehta was appointed as Additional Director of the Company vide resolution passed at the Board Meeting held on October 14, 2013, pursuant to the provisions of Section 161 of the Companies Act, 2013. Accordingly, he will cease to hold the office as Director at the ensuing Annual General Meeting. The Company has received notice along with requisite deposit from a Member pursuant to Section 160 of the Companies Act, 2013, signifying intention to propose the candidature of Mr. Dharmesh Mehta for the office of Director. The Board recommends his appointment.
- Mr. Nilesh was appointed as Managing Director and CEO with effect from November 15, 2013 and Mr. Dharmesh Mehta was appointed as Deputy CEO (Wholetime Director) with effect from November 15, 2013.

#### **AUDIT COMMITTEE**

The Audit Committee at the beginning of FY 2014 consisted of three Directors viz. Mr. Srinivasan, Mr. Manish Chokhani and Prof. Samir Barua. The Audit Committee was re-constituted during the year under review vide Board resolution passed on January 14, 2014 in order to re-align the same with the changes in Directors. The Committee now consists of Prof. Samir Barua, Mr. Nilesh Shah and Mr. Dharmesh Mehta & the Chairman of the committee is Prof. Samir Barua.

#### **REMUNERATION COMMITTEE**

The Remuneration Committee at the beginning of FY 14 consisted of four Directors – Mr. Jagdish Master, Mr. V. Srinivasan, Mr. Manish Chokhani and Mr. Bahram Vakil. The remuneration committee was reconstituted vide Board resolution passed on January 14, 2014 in order to re-align with the changes in Directors. The Committee now consists of

Mr. Jagdish Master, Mr. Nilesh Shah, Mr. Bahram Vakil, Mr. V. Srinivasan and Mr. Dharmesh Mehta & the Chairman of the committee is Mr. Jagdish Master.

#### **PUBLIC DEPOSITS**

During the year under review, the Company has not accepted nor renewed any deposits pursuant to Section 58A of the Companies Act, 1956.

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

Considering the nature of activities of the company, the information required to be disclosed pursuant to the provisions of Section - 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 relating to the conservation of energy and technology absorption is not applicable to the Company. Hence no comment is being made on energy conservation. There is no foreign technology involved/ absorbed.

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

#### **INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956**

The statement under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is annexed to this Report.

#### **AUDITORS**

M/s. S. R. Batliboi & Co., Chartered Accountants LLP, retire at the ensuing Annual General Meeting, and being eligible, have offered themselves for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 141 of the Companies Act, 2013.

The notes to Accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments/replies/clarification.



## **DIRECTORS RESPONSIBILITY STATEMENT**

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

- i. The applicable accounting standards have been followed in the preparation of the annual accounts and proper explanations have been furnished, relating to material departures.
- 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 profits of the Company for the year ended 31<sup>st</sup> March 2014.
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 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.

## **CORPORATE GOVERNANCE**

The Company endeavors to benchmark with the best industry practices and build a sound corporate governance structure, to safeguard and enhance the interests of its Parent Company, Axis Bank, and its customers, vendors and employees. The Company ensures the best possible compliance with all regulatory and statutory requirements.

## **FUTURE OUTLOOK**

Your Directors believe that the business outlook for the financial year ending March 2015 is predicated on the positive outcome of the general elections and the formation of a stable government in the Centre. That will propel increased activity across the investment banking area – be it ECM, PE, M&A or structured financing. Under such

improved conditions for the industry, your Directors aim to maintain Company's market share and enhance revenues.

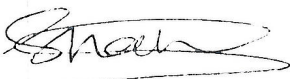
Your company will also focus on selling Axis Bank products to its clientele like current year. The Company will further work in consolidating and growing the integrated CIB model and gain from business relationships of the Bank.

#### **ACKNOWLEDGEMENTS**

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, SEBI (Securities and Exchange Board of India), National Stock Exchange of India Limited, Bombay Stock Exchange, National Securities Depository Limited (NSDL), Central Depository Services Limited (CDSL), Central, State and Local Government Departments and Bodies for their continued support and cooperation.

The Directors place on the record their deep appreciation to all employees of the company at all levels for their strong ethics, excellent performance, professionalism, solidarity, commitment, dedication and initiative at all levels which enabled the Company to sustain in today's challenging environment and is looking forward to their continued support in the future as well.

#### **FOR & ON BEHALF OF THE BOARD**



**NILESH SHAH**

**MANAGING DIRECTOR & CEO**

DIN *01711720*

Place: Mumbai

Date: April 14, 2014

## **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 March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



# **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 15/2013 dated 13 September 2013, issued by the Ministry of Corporate Affairs, in respect of Section 133 of the Companies Act, 2013;
  - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For S.R. BATLIBOI & CO. LLP**

Chartered Accountants

ICAI Firm registration number: 301003E



**per Viren H Mehta**

Partner

Membership Number: 048749

Place: Mumbai

Date: 14 April 2014

**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.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The Company does not hold any securities in physical form. The securities held as stock-in-trade 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) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, we have not observed major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) 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 4(viii) of the Order are not applicable to the Company.
- (ix)(a) Undisputed statutory dues including provident fund, employees' state insurance, service tax, cess and other material statutory dues have generally been regularly deposited with the appropriate. As informed, provisions of investor education and protection fund, sales tax, wealth tax, custom duty and excise duty are currently not applicable to the Company.

*E*

# S.R. BATLIBOI & Co. LLP

Chartered Accountants

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, 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 respective states	Stamp duty	38,798	August 2008 to March 2013	*

\* Different states have different dates which are not ascertainable.

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

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

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Service Tax	Tax and interest	1,556,524	August 2003 to October 2004	Customs, Excise & Service Tax Appellate Tribunal West Zone Bench
Service Tax	Tax and interest	253,996	September 2002 to March 2004	Customs, Excise & Service Tax Appellate Tribunal West Zone Bench
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, provisions of sales tax, wealth tax, custom duty and excise duty are currently not applicable to the Company.

- (x) 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.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

# **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) The Company had unsecured debentures outstanding during the year, on which no security or charge is required to be created. Further, the Company has repaid all the unsecured debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) 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

ICAI Firm registration number: 301003E



**per Viren H. Mehta**

Partner

Membership No.: 048749

Place: Mumbai

Date: 14 April 2014

ANNUAL REPORT  
2013-2014

**AXIS CAPITAL LIMITED**

Registered Office:  
Axis House, 8th Floor  
Wadia International Centre  
Pandurang Budhkar Marg, Worli - 400025  
Mumbai, Maharashtra



AXIS CAPITAL LIMITED

BALANCE SHEET

				(Amount in Indian Rupees)	
	Note No.	As at 31 March 2014	As at 31 March 2013		
<b>EQUITY AND LIABILITIES</b>					
<b>SHAREHOLDER'S FUNDS</b>					
Share capital	3	735,000,000	1,450,000,000		
Reserves and surplus	4	1,127,416,539	893,067,260		
		<u>1,862,416,539</u>	<u>2,343,067,260</u>		
<b>NON CURRENT LIABILITIES</b>					
Other long term liabilities	6	-	1,756,385		
Long term provisions	7	-	32,596,952		
		-	<u>34,353,337</u>		
<b>CURRENT LIABILITIES</b>					
Short term borrowings	5	-	1,540,000,000		
Trade payables	8	7,031,330,147	1,615,022,170		
Other current liabilities	9	73,198,714	318,936,181		
Short-term provisions	7	82,403,094	151,342,771		
		<u>7,186,931,955</u>	<u>3,625,301,122</u>		
		<u><b>9,049,348,494</b></u>	<u><b>6,002,721,719</b></u>		
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Fixed Assets	10				
-Tangible assets		3,588,325	58,750,952		
-Intangible assets under development		525,000	58,297,512		
-Work in progress		2,327,851	-		
		<u>6,441,176</u>	<u>117,048,464</u>		
Non-current investments	11	116,047,710	498,537,710		
Deferred tax assets (net)	31	56,448,788	28,427,980		
Long term loans and advances	12	104,620,924	347,094,473		
Other non-current assets	13.2	434,311,199	460,056,962		
		<u>711,428,621</u>	<u>1,334,117,125</u>		
<b>CURRENT ASSETS</b>					
Stock in Trade	14	3,071,608	3,055,045		
Trade receivables	13.1	7,042,605,203	1,855,323,662		
Cash and bank balances	15	1,175,476,359	2,598,041,965		
Short-term loans and advances	12	68,509,991	35,658,279		
Other current assets	13.2	41,815,536	59,477,179		
		<u>8,331,478,697</u>	<u>4,551,556,130</u>		
		<u><b>9,049,348,494</b></u>	<u><b>6,002,721,719</b></u>		

Summary of significant accounting policies

2.1

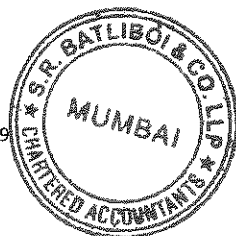
The accompanying notes are an integral part of the financial statements

As per report of even date

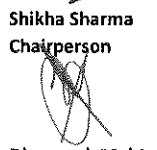
For and on behalf of the board of Directors

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


  
per Viren H. Mehta  
Partner  
Membership No. :- 048749  
Place: Mumbai  
Date: 14 April 2014



  
Shikha Sharma  
Chairperson

  
Dharmesh Mehta  
Director

  
Nilesch Shah  
Managing Director

  
M. Natarajan  
Company Secretary

AXIS CAPITAL LIMITED

STATEMENT OF PROFIT AND LOSS

(Amount in Indian Rupees)

	Note No.	For the year ended 31 March 2014	For the year ended 31 March 2013
Revenue from operation	16	1,697,874,373	3,611,061,128
Other income	17	201,328,023	325,285,399
		<u>1,899,202,396</u>	<u>3,936,881,130</u>
Employee benefit expense	18	624,518,536	2,487,732,664
Finance costs	19	78,616,692	124,976,740
Depreciation and amortization	21	2,962,252	48,666,328
Other expenses	20	856,544,344	949,386,222
		<u>1,562,641,824</u>	<u>3,611,296,557</u>
Profit before tax and before prior period effect of the scheme		336,560,572	325,584,573
Tax expenses:			
Current tax		145,000,000	147,000,000
Adjustment of tax relating to previous year		55,968	(67,022,345)
Deferred Tax		(29,013,675)	(19,235,282)
Profit after tax and before prior period effect of the scheme		<u>220,518,279</u>	<u>264,842,200</u>
Loss of business demerged from appointed date i.e. 20 October 2012 to 31 March 2013	22	14,218,525	-
Profit of business acquired from appointed date i.e. 1 April 2010 to 31 March 2012	36	-	1,302,336,630
Profit for the year		<u>234,736,804</u>	<u>1,567,178,830</u>

**Break-up of profit and tax in continuing and discontinuing operations**

Profit(loss) before tax from continuing operation		336,560,572	313,535,878
Tax expenses for continuing operations:			
Current tax		145,000,000	137,700,000
Short provision of earlier years		55,968	(67,022,345)
Deferred tax		(29,013,675)	(18,242,415)
		<u>220,518,279</u>	<u>261,100,638</u>
Loss of business demerged from appointed date i.e. 20 October 2012 to 31 March 2013		14,218,525	-
Profit of business acquired from appointed date i.e.		-	1,302,336,630
Profit/(loss) for the year from continuing operation		<u>234,736,804</u>	<u>1,563,437,268</u>
Profit(loss) before tax from discontinuing operation		-	12,048,695
Tax expenses for discontinuing operations:			
Current tax		-	9,300,000
Short provision of earlier years		-	-
Deferred tax		-	(992,867)
Profit/(loss) for the year from discontinuing operation		-	<u>3,741,562</u>
Profit for the year		<u>234,736,804</u>	<u>1,567,178,830</u>
Earning per equity share:	23		
(Nominal Value per share Rs. 10)			
Basic			
Computed on the basis of continuing operations		4.10	1.92
Computed on the basis of total profit for the year		4.10	1.94
Diluted			
Computed on the basis of continuing operations		4.10	1.92
Computed on the basis of total profit for the year		4.10	1.94

Summary of significant accounting policies 2.1

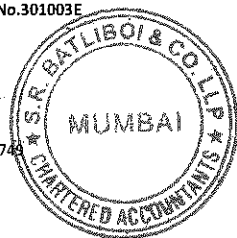
The accompanying notes are an integral part of the financial statements

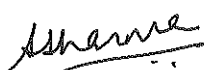
As per report of even date

For and on behalf of the board of Directors

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

  
per Viren H. Mehta  
Partner  
Membership No. :- 048748  
Place: Mumbai  
Date: 14 April 2014





Shikha Sharma  
Chairperson

  
Dharmesh Mehta  
Director



Nitesh Shah  
Managing Director

  
M. Natarajan  
Company Secretary

AXIS CAPITAL LIMITED

Cash flow statement for the year ended March 31, 2014

Particulars	Year ended	Year ended
	31 March 2014	31 March 2013
	₹	₹
<b>A) Cash flows from operating activities</b>		
Profit before tax from continuing operations	336,560,572	313,535,878
Profit before tax from discontinued operations	-	12,048,695
Profit/(loss) before taxes	336,560,572	325,584,573
Non cash & non operating adjustments:		
Other income	(201,328,023)	(325,820,002)
Depreciation and amortisation	2,962,252	48,666,328
Provision for impairment	-	57,173,465
Sundry Balance Written off	-	528,692
Provision for bad and doubtful debts	4,351,019	17,253,167
Bad debts written off	10,206,429	14,052,771
Reversal of provision of doubtful debts	(12,221,916)	(17,343,775)
Loss on sale of fixed assets	3,868,378	660,720
Operating profit/(loss) before working capital changes	144,398,711	120,755,939
Movement in working capital:		
Decrease / (Increase) in long term loan & advances	17,122,673	(39,122,273)
Decrease / (Increase) in short term loan & advances	(103,190,717)	29,580,723
Decrease / (Increase) in other non current assets	-	(4,067,051)
Decrease / (Increase) in trade receivables	(5,461,951,046)	340,024,334
Decrease / (Increase) in inventory	(16,563)	29,834
Decrease / (Increase) in other current assets	-	25,468,523
Decrease / (Increase) fixed deposit under lien exchange	(232,246,203)	(203,075,000)
Increase/ (decrease) in other long term liabilities	-	(618,620)
Increase/ (decrease) in long term provisions	(19,192,033)	22,941,009
Increase/ (decrease) in short term provisions	(14,546,609)	90,975,942
Increase/ (decrease) in trade payables	5,549,189,882	(346,868,108)
Increase/ (decrease) in other current liabilities	(43,624,501)	(16,354,584)
Cash generated from operations	(164,056,406)	19,670,665
Direct taxes paid (net of refund)	(141,490,267)	(209,807,987)
Net cash from operating activities	(305,546,673)	(190,137,322)
Income from Non operating activities	21,972,591	39,779,129
Amount paid for aquisition of business	-	(2,741,502,154)
Net cash generated from operations	(283,574,082)	(2,891,860,347)
<b>B) Cash flow from investing activities</b>		
Purchase of fixed assets	(3,553,915)	(14,635,873)
Proceeds from sale of fixed assets	3,659,673	19,908,947
Purchase of investments	(6,207,250,000)	(8,715,000,000)
Sale of other investment	6,265,973,749	9,121,920,533
Sale of Investment in subsidiary	382,490,000	904,000,000
Movement in intangible assets under development	-	(11,856,574)
Investment in Bank FDS	(109,927,945)	(251,481,391)
Interest income	111,604,246	211,883,497
Net cash used in Investing activities	442,995,808	1,264,739,139
<b>C) Cash flows from financing activities</b>		
Proceeds from issue of shares	500,000,000	250,000,000
Borrowings	-	2,740,000,000
Borrowings repaid	(1,540,000,000)	(1,200,000,000)
Dividend including distribution tax	-	(197,280,256)
Net cash from financing activities	(1,040,000,000)	1,592,719,745
Net increase in cash and cash equivalents	(880,578,272)	(34,401,464)
Cash and cash equivalents at the beginning of the period	1,292,007,584	61,526,602
Cash and cash equivalents of demerged business	(94,356,750)	-
Cash and cash equivalents of acquired business	-	1,264,882,445
Cash and cash equivalents at the end of the period	317,072,562	1,292,007,584
<b>Components of cash and cash equivalents as at</b>		
Cash in hand	98,093	186,814
With scheduled bank -		
-On current account	316,974,469	1,181,820,770
-On fixed deposit with original maturity for less than 3 months	-	110,000,000
Total	317,072,562	1,292,007,584

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements

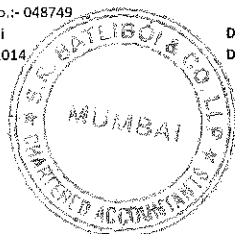
As per our report on even date

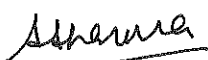
For and on behalf of the Board of Directors

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



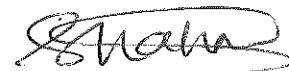
per Viren H. Mehta  
Partner  
Membership No.- 048749  
Place : Mumbai  
Date: 14 April 2014





Shikha Sharma  
Chairperson

  
Dharmesh Mehta  
Director



Nilesh Shah  
Managing Director

  
M. Nataraajan  
Company Secretary

## **AXIS CAPITAL LIMITED**

### **Notes to Financial Statement year ended 31 March 2014**

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

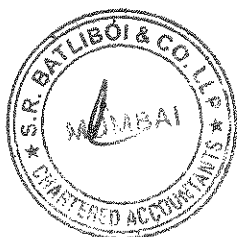
Axis Capital Limited ('the Company') domiciled in India and incorporated under the provision of Companies Act, 1956. The Company is a wholly owned subsidiary of Axis Bank Limited ('the Bank'). The Company is in the business of institutional broking, investment banking and distribution of financial products.

(a) On 17 November 2010, the respective Board of Directors of the Bank and the Company, approved by the way of demerger (the 'Scheme'), the acquisition of certain financial services businesses undertaken by Enam Securities Private Limited ('ESPL') directly and through its wholly owned subsidiaries, by the Company. Pursuant to conditions prescribed by Reserve Bank of India, certain modifications were carried out to the demerger structure in terms of a revised scheme of arrangement under Sections 391-394 and other relevant provisions of the Companies Act, 1956. Accordingly, the acquisition now comprises of (a) a demerger of the financial services businesses (the 'Business') from ESPL to the Bank, in consideration of which the Bank to issue shares to the shareholders of ESPL, and (b) immediately upon completion of the demerger under the Scheme, a simultaneous sale of the financial services businesses to be undertaken from the Bank to the Company for a cash consideration, with both aforesaid steps occurring simultaneously.

Reserve Bank of India has on 30 March, 2012, conveyed it's no objection to the Scheme. Further, on 27 April, 2012, the Board of Directors of the Bank approved the reassessment of the valuation of the ESPL business and consequently, in consideration for the demerger of the financial services business of ESPL, the Bank issued shares in the ratio of 5 equity shares of the Bank of the face value of Rs.10 each for every 1 equity shares of Rs.10 each held by the shareholders of ESPL. The sale of the financial services businesses was simultaneously undertaken from the Bank to the Company for a cash consideration Rs. 2,741,502,154.

On 18 October, 2012, the Bank received the necessary approvals under applicable law from various regulatory authorities to the revised Scheme in respect of the demerger of the financial services businesses from ESPL to the Bank and simultaneously sale of such businesses to the Company, with effect from 01 April 2010, and consequently the Bank has issued 12,090,000 equity shares of the face value of Rs. 10 each to the shareholders of ESPL amounting to Rs. 120,900,000 and accounted for the net assets of ESPL of Rs. 2,741,502,154 at book value.

There was a simultaneously transfer of the business by the Bank to the Company and a consideration of Rs. 2,741,502,154 was paid against the transfer of the net assets of the equivalent value. The appointed date under the Scheme is 01 April 2010 and the Scheme has been executed effective 20 October 2012 on filing of the court orders, Bombay and Gujarat with the Registrar of Companies.



Handwritten signature and initials in black ink, consisting of a stylized 'S' and 'B' followed by a cursive signature.

## AXIS CAPITAL LIMITED

### Notes to Financial Statement year ended 31 March 2014

(b) 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 Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made. The accounting policies have been consistently applied and are consistent with those used in the previous year.

### 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.

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.





## AXIS CAPITAL LIMITED

### Notes to Financial Statement year ended 31 March 2014

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

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

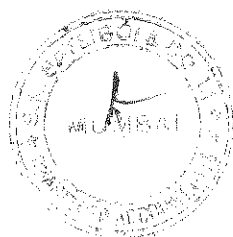
	Rates (SLM)	Schedule XIV Rates (SLM)
Improvement to leasehold premises over the lease tenure	10.00%	1.63%
Electrical fitting & other equipment	10.00%	4.75%
Furniture and fitting	10.00%	6.33%
Computer	33.33%	16.21%
Vehicles	25.00%	9.50%
Software	20.00%	16.21%

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

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

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.



## AXIS CAPITAL LIMITED

### Notes to Financial Statement year ended 31 March 2014

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

#### v. Leases

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

#### vi. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

#### Brokerage -

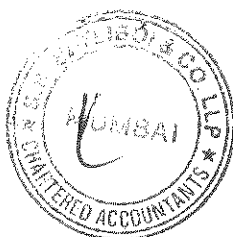
- a. Brokerage income in relation to stock broking activity is recognized on a trade date basis.
- b. The Company collects service tax on behalf of the government and therefore it is not an economic benefit flowing to the Company, hence it is excluded from revenue.
- c. Gains/losses on dealing in securities are recognized on a trade date basis

#### Investment Banking -

- d. 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.
- e. 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 -

- f. 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.
- g. Dividend income is recognized when the Company's right to receive payment is established by the balance sheet date.



A handwritten signature in black ink, consisting of a stylized 'A' followed by a cursive name.

## AXIS CAPITAL LIMITED

### Notes to Financial Statement year ended 31 March 2014

#### vii. Stock in Trade

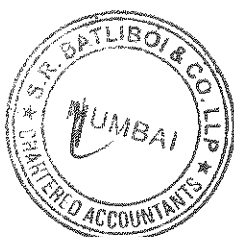
Securities acquired with the intention of short-term holding and trading are classified as stock-in-trade. The securities held as stock-in-trade are valued at lower of cost arrived at on first in first out basis or marketable fair value.

#### viii. Retirement and other employee benefits

- a. Retirement benefits in the form of provident fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the provident fund.
- b. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation using 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.
- 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



Handwritten signature and initials in black ink, located in the bottom right corner of the page.

## AXIS CAPITAL LIMITED

### Notes to Financial Statement year ended 31 March 2014

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.

#### 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 and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.



A handwritten signature in black ink, appearing to be 'M. S. Joshi'.

## AXIS CAPITAL LIMITED

### Notes to Financial Statement year ended 31 March 2014

#### 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 are recognized as income or as expenses in the period in which they arise.

#### 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 and attributable taxes) by the weighted average number of equity shares outstanding during the period.

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

#### 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.



A handwritten signature in black ink, consisting of a large, stylized initial 'A' followed by a cursive name.

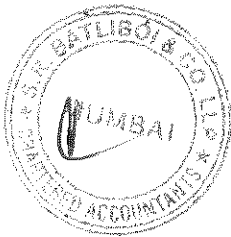


**AXIS CAPITAL LIMITED**

**Notes to Financial Statement year ended 31 March 2014**

**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 black ink, consisting of a large, stylized initial 'A' followed by a cursive name.

AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2014

3. Share capital

	31-Mar-14 ₹	31-Mar-13 ₹
<b>Authorized shares</b>		
175,000,000 (31 March 2013: 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 2013: 145,000,000) equity shares of ₹10/- each	735,000,000	1,450,000,000
<b>Subscribed and fully paid-up shares</b>		
73,500,000 (31 March 2013: 145,000,000) equity shares of ₹10/- each	735,000,000	1,450,000,000

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

Equity shares	31-Mar-14		31-Mar-13	
	No.	₹	No.	₹
At the beginning of the year	145,000,000	1,450,000,000	120,000,000	1,200,000,000
Issued during the year	50,000,000	500,000,000	25,000,000	250,000,000
Cancelled during the year (refer note 22)	121,500,000	1,215,000,000	-	-
Outstanding at the end of the year	73,500,000	735,000,000	145,000,000	1,450,000,000

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

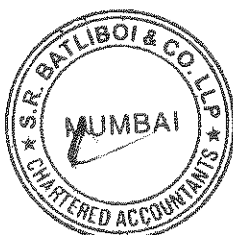
Out of equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

Name of shareholder	31-Mar-14		31-Mar-13	
	₹	% of holding	₹	% of holding
Axis Bank Limited, the holding Company and its nominees				
73,500,000 (31 March 2013: 145,000,000) equity shares of ₹10/- each	735,000,000	100%	1,450,000,000	100%

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

Name of shareholder	31-Mar-14		31-Mar-13	
	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%	145,000,000	100%

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



AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2014

4. Reserve & Surplus

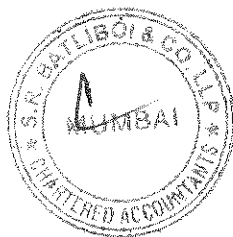
		31-Mar-14 ₹	31-Mar-13 ₹
<b>General Reserve</b>			
Balance as per last financial statements		129,237,420	-
Addition on account of acquisition of business		-	129,237,420
balance at the end of the year	A	<u>129,237,420</u>	<u>129,237,420</u>
<b>Surplus/(deficit) in the statement of profit and loss</b>			
Balance as per last financial statements		763,829,840	(252,572,562)
Write off for capital reduction (Refer note no 22)		(387,525)	-
Profit for the year		234,736,804	1,567,178,830
Transfer to general reserve		-	(129,237,420)
Payment of dividend		-	(362,700,000)
Corporate dividend tax		-	(58,839,008)
Balance at the end of the year	B	<u>998,179,119</u>	<u>763,829,840</u>
<b>Total</b>	<b>(A+B)</b>	<u><b>1,127,416,539</b></u>	<u><b>893,067,260</b></u>

5. Short term borrowings

	31-Mar-14 ₹	31-Mar-13 ₹
NIL (Previous year 154) 11.25% unsecured non convertible debentures having face value of Rs. 10,000,000 each, repayable on maturity on 30 October 2013 (the Company has a call option to repay 40 debentures after 23 April 2013 with 7 day's notice)	-	1,540,000,000
	<u>-</u>	<u>1,540,000,000</u>

6. Other long-term liabilities

	31-Mar-14 ₹	31-Mar-13 ₹
Sundry creditors for capital expenditure	-	1,756,385
<b>Total</b>	<u>-</u>	<u>1,756,385</u>



AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2014

7. Provisions

	Long-term		Short-term	
	31-Mar-14 ₹	31-Mar-13 ₹	31-Mar-14 ₹	31-Mar-13 ₹
<b>Provision for employee benefits</b>				
Gratuity payable (Refer note no 29)		26,766,975	3,632,218	-
Provision for leave	-	116,800	1,080,871	21,427,982
Provision for bonus		-	77,500,000	128,811,949
	-	<b>26,883,775</b>	<b>82,213,089</b>	<b>150,239,931</b>
<b>Other provisions</b>				
Lease equalization	-	5,713,177	190,005	1,102,840
<b>Total</b>	-	<b>32,596,952</b>	<b>82,403,094</b>	<b>151,342,771</b>

8. Trade Payables

	31-Mar-14 ₹	31-Mar-13 ₹
Trade payables (Refer note 30 for details of due to micro and small enterprises)	7,031,330,147	1,615,022,170
	<b>7,031,330,147</b>	<b>1,615,022,170</b>

9. Others current liabilities

	31-Mar-14 ₹	31-Mar-13 ₹
<b>Other liabilities</b>		
Income received in advance	-	29,519,156
<b>Others</b>		
Expense creditors		
-Due to holding company 'Axis Bank Limited'	12,951,885	6,323,756
-Due to others	22,190,752	143,771,486
Interest Accrued but not due	-	75,945,205
Undisputed statutory dues	38,056,077	53,311,511
Others	-	10,065,067
<b>Total</b>	<b>73,198,714</b>	<b>318,936,181</b>



*(Handwritten signature)*

Assets	Gross Block					Depreciation				Net Block		
	As at April 1, 2013	Disposal on demerger	addition	Deductions	As at March 31, 2014	As at April 1, 2013	For the period	Deductions on demerger	Other Deductions	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible assets												
Improvements to leasehold premises	30,923,786	30,923,786	-	-	-	17,213,217	8,027	17,213,217	-	-	-	13,710,371
Furniture	37,571,505	37,495,562	190,053	-	265,996	22,799,949	-	22,757,234	248,259	50,742	215,254	14,771,554
Electrical Fitting	827,528	-	-	827,528	-	246,259	-	-	3,924,409	-	1,965,618	579,270
Office equipment	24,564,886	10,923,544	295,566	10,840,051	3,096,857	9,908,649	313,877	5,166,878	1,131,239	1,131,239	1,965,618	14,656,235
Computers	62,747,999	56,116,277	215,445	2,168,165	24,679,002	47,876,189	2,478,837	24,948,455	2,135,022	23,271,549	1,407,453	14,871,809
Vehicle	646,044	646,044	-	-	646,044	484,533	161,511	-	646,044	-	-	461,513
	157,281,748	115,459,169	703,064	13,835,744	28,687,899	98,530,796	2,962,252	70,085,784	6,307,690	25,099,574	3,588,325	58,750,952
Intangible assets												
Software	105,157,171	105,157,171	-	-	-	46,859,658	-	46,859,658	-	-	-	58,297,512
Capital Work in Progress												
Computer hardware			2,327,851		2,327,851						2,327,851	
Intangible assets under development			525,000		525,000						525,000	
Total	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*



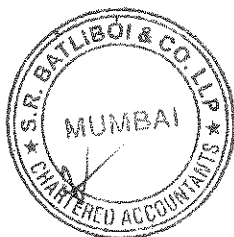


AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2014

11. Investment

	Non-current		Current	
	31-Mar-14 ₹	31-Mar-13 ₹	31-Mar-14 ₹	31-Mar-13 ₹
<b>Trade investment in subsidiaries</b>				
(Unquoted, valued at cost unless otherwise stated)				
Enam International Limited (1800, equity shares of \$1,000 each fully paid)	87,151,000	87,151,000	-	-
Less:- Provision for impairment	57,173,465	57,173,465	-	-
	29,977,535	29,977,535	-	-
Axis Securities Limited Nil (previous year 3,000,000) equity shares of Rs.10 each fully paid	-	182,490,000	-	-
Axis Securities Europe Limited (1,000,002, equity shares of £ 1 each fully paid)	86,070,175	86,070,175	-	-
Axis Securities Limited Nil (Previous year 2,000,000 preference shares of Rs.100/- each fully paid)	-	200,000,000	-	-
<b>Total</b>	<b>116,047,710</b>	<b>498,537,710</b>	-	-



*[Handwritten signature]*

AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2014

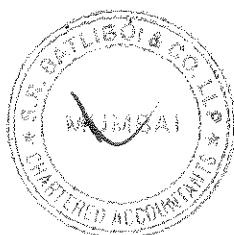
12. Loans and advances

	Non-current		Current	
	31-Mar-14 ₹	31-Mar-13 ₹	31-Mar-14 ₹	31-Mar-13 ₹
<b>Capital Advances</b>				
Unsecured, considered good	-	29,675,697	-	-
<b>A</b>	-	<b>29,675,697</b>	-	-
<b>Security/margin deposit</b>				
Unsecured, considered good	19,352,500	80,637,174	50,990,000	2,824,776
Unsecured, considered doubtful	-	881,000	-	-
	19,352,500	81,518,174	50,990,000	2,824,776
Less: Provision for doubtful		(881,000)		
<b>B</b>	<b>19,352,500</b>	<b>80,637,174</b>	<b>50,990,000</b>	<b>2,824,776</b>
<b>Advances recoverable in cash or kind</b>				
Unsecured, considered good	-	-	7,889,760	12,824,904
<b>C</b>	-	-	<b>7,889,760</b>	<b>12,824,904</b>
<b>Other loans and advances</b> (Unsecured, considered good)				
Loans to employees	-	-	237,000	1,170,700
Advance income-tax (net)	84,423,475	234,976,980	-	-
Prepaid expenses	844,949	1,804,622	6,082,731	15,265,352
Balance with statutory/government authorities	-	-	3,310,500	3,572,547
<b>D</b>	<b>85,268,424</b>	<b>236,781,602</b>	<b>9,630,231</b>	<b>20,008,599</b>
<b>Total (A+B+C+D)</b>	<b>104,620,924</b>	<b>347,094,473</b>	<b>68,509,991</b>	<b>35,658,279</b>

13. Trade receivables and other assets

13.1 Trade receivables

	Non-current		Current	
	31-Mar-14 ₹	31-Mar-13 ₹	31-Mar-14 ₹	31-Mar-13 ₹
<b>Unsecured, considered good unless stated otherwise</b>				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	90,755	33,579,482
Doubtful	-	-	16,785,438	26,249,025
			16,876,193	59,828,507
Provision for doubtful receivables	-	-	(16,785,438)	(26,249,025)
<b>(A)</b>	-	-	<b>90,755</b>	<b>33,579,482</b>
<b>Other receivables</b>				
Unsecured, considered good	-	-	7,042,514,448	1,821,744,180
Doubtful	-	-	-	2,088,757
			7,042,514,448	1,823,832,937
Provision for doubtful receivables	-	-	-	(2,088,757)
<b>(B)</b>	-	-	<b>7,042,514,448</b>	<b>1,821,744,180</b>
<b>Total (A) + (B)</b>	-	-	<b>7,042,605,203</b>	<b>1,855,323,662</b>



*[Handwritten signature]*

AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2014

13.2 Other assets

	Non-current		Current	
	31-Mar-14 ₹	31-Mar-13 ₹	31-Mar-14 ₹	31-Mar-13 ₹
<b>Unsecured, considered good unless stated otherwise</b>				
Non-current bank balances	433,300,000	454,556,391	-	-
<b>Others</b>				
Interest accrued on fixed deposits	1,011,199	5,500,571	41,815,536	59,477,179
	<b>434,311,199</b>	<b>460,056,962</b>	<b>41,815,536</b>	<b>59,477,179</b>

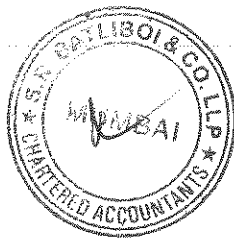
14. Stock in trade

	31-Mar-14 ₹	31-Mar-13 ₹
Opening	3,055,045	-
Purchase	956,424,674	428,247,273
Sale at cost	957,834,030	424,419,520
Closing	<b>3,071,608</b>	<b>3,055,045</b>

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

15. Cash and bank balances

	Non-current		Current	
	31-Mar-14 ₹	31-Mar-13 ₹	31-Mar-14 ₹	31-Mar-13 ₹
<b>Cash and cash equivalents</b>				
-Cash on hand	-	-	98,093	186,814
<b>Balances with banks:</b>				
- On current accounts	-	-	316,974,469	1,181,820,770
-Deposits with original maturity for less than 3 months	-	-	-	110,000,000
<b>A</b>	-	-	<b>317,072,562</b>	<b>1,292,007,584</b>
<b>Other bank balances</b>				
- Deposits with original maturity for more than 12 months	-	251,481,391	7,028,797	200,991,234
- Deposits with original maturity for more than 12 months under lien	433,300,000	203,075,000	796,375,000	675,043,147
- 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	430,000,000
<b>B</b>	<b>433,300,000</b>	<b>454,556,391</b>	<b>858,403,797</b>	<b>1,306,034,381</b>
Amount disclosed under non-current assets (note 13.2)	<b>C</b>			
	433,300,000	454,556,391	-	-
<b>Total</b>	<b>(A+B-C)</b>	-	<b>1,175,476,359</b>	<b>2,598,041,965</b>



*[Handwritten signature]*

AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2014

**16. Revenue from operations**

	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Fees from advisory services and other professional services	531,719,413	567,725,254
Income from business sourcing and resource management services	-	1,939,936,512
Brokerage Income	1,166,154,960	1,077,010,666
Account opening fee - broking	-	25,800,478
Other operating income	-	588,218
	<b>1,697,874,373</b>	<b>3,611,061,128</b>

**17. Other income**

	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Dividend income	230,265	127,007
Profit on sale of current investment/devolved securities/dealing error	59,831,636	73,622,772
Interest Income	120,631,683	211,883,497
Reversal of liability no longer required	20,303,188	38,337,703
Miscellaneous Income	331,251	1,314,420
	<b>201,328,023</b>	<b>325,285,399</b>



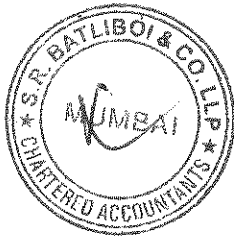
AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2014

	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
<b>18. Employee benefits expense</b>		
Salaries, wages and bonus	610,439,590	2,360,993,618
Contribution to provident and other funds	4,132,057	97,404,648
Gratuity expense	3,838,771	22,764,370
Staff welfare expenses	6,108,118	6,570,028
	<u>624,518,536</u>	<u>2,487,732,664</u>

**19. Finance costs**

	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Interest other than on fixed loan	78,616,692	123,510,073
Bank guarantee commission	-	1,466,667
	<u>78,616,692</u>	<u>124,976,740</u>



Two handwritten signatures in black ink, one on the left and one on the right, positioned above the stamp.

AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2014

20. Other expense

	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Advertisement and Sales Promotion	5,312,449	40,541,513
Stamp Duty	5,347,143	3,729,013
Trade confirmation Charges	32,846,630	25,238,095
Brokerage expenses	440,518,901	173,459,581
Stock Exchange Expenses	13,963,407	14,704,296
Printing and Stationary	5,402,887	23,816,125
Impairment of assets	-	57,173,465
Electricity & Water Charges	9,759,580	22,175,956
Rent	45,745,115	136,210,893
Franking Charges	-	15,436,468
Lease Rental of Computer Server	-	26,740,345
Repairs & Maintenance		
- Buildings	-	54,966
- Others	8,349,652	11,794,200
Insurance	1,516,384	2,666,031
Rates and taxes	9,519,222	11,898,843
Professional Fees	25,928,958	20,828,345
Call Centre Cost	-	29,278,902
Information Technology Expense	1,100,740	59,549,954
Telephone, Fax & Internet	7,979,526	40,202,346
Foreign Exchange loss	486,739	136,604
Demerger Expenses	127,781,877	63,221,380
Travelling & Conveyance Expenses	33,173,592	46,675,029
Director's Sitting Fees	300,000	86,250
Auditors Remuneration:		
- For Audit	1,400,000	2,650,000
- For Interim financial statements	-	450,000
- Other	371,416	28,486
Loss on sale of Fixed assets	3,868,378	660,720
Donation	-	12,516,545
Miscellaneous expenses	73,536,216	93,499,708
Bad debts		
- Provision for bad and doubtful debts	4,351,019	17,253,167
- Bad debts written off	10,206,429	14,052,771
- Reversal of provision of doubtful debts	(12,221,916)	(17,343,775)
	<b>856,544,344</b>	<b>949,386,222</b>

21. Depreciation and amortization expense

	For the year ended 31 March 2014 ₹	For the year ended 31 March 2013 ₹
Depreciation of tangible assets	2,962,252	28,870,327
Amortization of intangible assets	-	19,796,001
	<b>2,962,252</b>	<b>48,666,328</b>



*(Handwritten signature)*

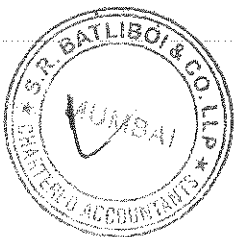
## AXIS CAPITAL LIMITED

### Notes to Financial Statement year ended 31 March 2014

22. 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:

	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	<b>387,525</b>



**AXIS CAPITAL LIMITED**

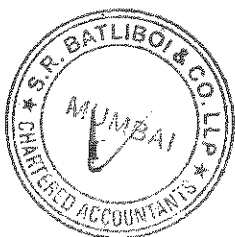
**Notes to Financial Statement year ended 31 March 2014**

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>

**23. Earnings per Share (EPS)**

	2013-2014 ₹	2012-2013 ₹
<b>Total operations for the year</b>		
Profit/ (loss) after tax	220,518,279	264,842,200
<b>Net profit/ (loss) for calculation of basic EPS</b>	<b>220,518,279</b>	<b>264,842,200</b>
Net profit as above	220,518,279	264,842,200
<b>Add : dividends on convertible preference shares &amp; tax thereon</b>	-	-
<b>Add : interest on bonds convertible into equity shares (net of tax)</b>	-	-
<b>Net profit/ (loss) for calculation of diluted EPS</b>	<b>220,518,279</b>	<b>264,842,200</b>
<b>Continuing operations</b>		
Profit/ (loss) after tax	220,518,279	261,100,638
<b>Net profit/ (loss) for calculation of basic EPS</b>	<b>220,518,279</b>	<b>261,100,638</b>
Net profit as above	220,518,279	261,100,638
<b>Add : dividends on convertible preference shares &amp; tax thereon</b>	-	-
<b>Add : interest on bonds convertible into equity shares (net of tax)</b>	-	-
<b>Net profit/ (loss) for calculation of diluted EPS</b>	<b>220,518,279</b>	<b>261,100,638</b>



*[Handwritten signature]*



**AXIS CAPITAL LIMITED**

**Notes to Financial Statement year ended 31 March 2014**

	No.	No.
Weighted average number of equity shares in calculating basic EPS	53,793,973	136,301,370
<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>53,793,973</b>	<b>136,301,370</b>
<b>Earnings per share for total operations</b>	<b>4.10</b>	<b>1.94</b>
<b>Earnings per share for continuing operations</b>	<b>4.10</b>	<b>1.92</b>

Notes:

1) While computing weighted average number of shares, shares cancelled as per note 22 have been taken with effect from 1 April 2013.

2) While computing basic EPS and diluted EPS, profit of the business acquired from ESPL for the year ended 31 March 2011 and 31 March 2012 are not considered for EPS for the year ended 31 March 2013.

**24. Contingent Liabilities**

	31 March 2014	31 March 2013
	₹	₹
(A) Claims against the Company not acknowledged as debts*	17,830,750	2,830,750
(B) Claims against the Company not acknowledged as debts**		
- For Income Tax	-	378,880
- For Service Tax	2,450,577	2,450,577
- For Property Tax	6,306,470	6,306,470
<b>Total</b>	<b>26,587,797</b>	<b>11,966,677</b>

\*As on March 31, 2014 the Company is facing certain litigations with regard to alleged infringement of the trade mark and also 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.

\* \*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.



## AXIS CAPITAL LIMITED

Notes to Financial Statement year ended 31 March 2014

### 25. Details of Foreign Currency Transactions

	2013-2014 ₹	2012-2013 ₹
a) Expenditure in foreign currency : travelling and others	24,445,311	19,669,610
b) Other income (expense) includes profit(loss) on account of conversion of foreign currency	(486,739)	136,603
c) Income in foreign currency : professional fees	48,258,642	37,382,101

### 26. 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.

### 27. Related Party Disclosures

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

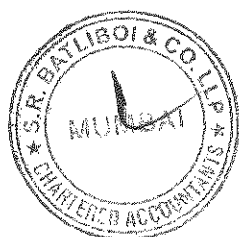
Key Management Personnel  
Mr. Manish Chokhani (upto 15/11/2013)  
Mr. Nilesh Shah (Managing Director w.e.f. 15/11/2013)  
Mr. Dharmesh Mehta (w.e.f. 15/11/2013)  
Mr. Arun Thukral (upto 25/05/2013)  
Mr. Modan Saha (upto 25/05/2013)

Subsidiary  
Axis Securities Limited ("ASL") (till 24/05/2013)  
Axis Securities Europe Limited ("ASEL")  
Enam International Limited ("EIL")

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 U.K. Limited ("AUL")  
Axis Finance Limited ("AFL")  
Axis Securities Limited ("ASL") (w.e.f. 24/05/2013)

Joint Venture of Holding Company

Bussan Auto Finance India Private Limited ("BAFIPL")



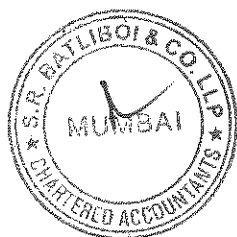
A handwritten signature in black ink, appearing to be 'S. R. Bayli'.

# AXIS CAPITAL LIMITED

Notes to Financial Statement year ended 31 March 2014

## Transactions with related parties

Particulars	Holding Company	Subsidiary Company	Fellow Subsidiary	Key Management Personnel	Total
<b>Income</b>					
Business sourcing fee income	(1,127,103,850)	-	-	-	(1,127,103,850)
Professional fee	(102,396,667)	-	-	-	(102,396,667)
Resource management fee	(742,922,703)	-	-	-	(742,922,703)
Resource management fee (AAMCL)	-	-	(69,821,724)	-	(69,821,724)
Brokerage Income	4,041,618	-	-	-	4,041,618
	(925,536)	-	-	-	(925,536)
Brokerage Income (AAMCL)	-	-	21,482	-	21,482
	-	-	(129,177)	-	(129,177)
Bank interest	86,618,866	-	-	-	86,618,866
	(90,787,663)	-	-	-	(90,787,663)
Other reimbursement	-	-	-	-	-
	(15,230,958)	-	-	-	(15,230,958)
Other reimbursement (ASL)	-	(48,000)	-	-	(48,000)
Other reimbursement (AAMCL)	-	-	(5,162,908)	-	(5,162,908)
Brokerage income (Mr. Modan Saha)	-	-	-	(8,210)	(8,210)
Brokerage income (Mr. Nilesh Shah)	-	-	-	(571)	(571)
Service charges (AFL)	-	-	446,087	-	446,087
Brokerage income (Mr. Arun Thukral)	-	-	-	(42,599)	(42,599)

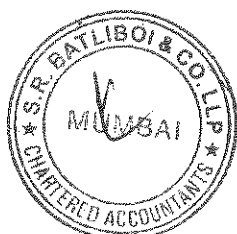


*[Handwritten signature]*

AXIS CAPITAL LIMITED

Notes to Financial Statement year ended 31 March 2014

Expenses				
Salaries (Mr. Arun Thukral)	-	-	-	-
	-	-	(8,960,616)	(8,960,616)
Salaries (Mr. Manish Chokhani)	-	-	8,162,115	8,162,115
	-	-	(5,861,745)	(5,861,745)
Salaries (Mr. Nilesh Shah)	-	-	16,694,515	16,694,515
	-	-	(3,266,062)	(3,266,062)
Salaries (Mr. Dharmesh Mehta)	-	-	11,976,834	11,976,834
	-	-	-	-
Salaries (Mr. Modan Saha)	-	-	-	-
	-	-	(8,929,200)	(8,929,200)
Reimbursement for operating expense	76,441,910	-	-	76,441,910
	(188,972,744)	-	-	(189,399,352)
Reimbursement for operating expense (ASL)	-	9,480,043	-	9,480,043
	-	-	-	-
Reimbursement for operating expense (AFL)	-	771,995	-	771,995
	-	-	-	-
	550,938	-	-	550,938
Interest expense	(318,822)	-	-	(318,822)
Bank charges	16,463	-	-	16,463
	(508,008)	-	-	(508,008)
Demat charges	35,866	-	-	35,866
	-	-	-	-
Demat charges (ASL)	-	(5,618)	-	(5,618)
Brokerage expense	28,276,704	-	-	28,276,704
	(7,187,209)	-	-	(7,187,209)
Brokerage expense (ASL)	-	3,076,727	-	3,076,727
	-	-	-	-
Other reimbursement	-	-	-	-
	-	-	(516,284)	(516,284)

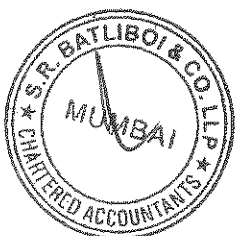


*(Handwritten signature)*

**AXIS CAPITAL LIMITED**

**Notes to Financial Statement year ended 31 March 2014**

Service charges paid (ASL)	-	-	550,000	-	550,000
Fees paid	7,500,000	-	-	-	7,500,000
Nominee director sitting Fees	(6,250)	-	-	-	(6,250)
<b>Other Transactions</b>					
Sale of Investment In subsidiary	382,490,000	-	-	-	382,490,000
	(904,000,000)	-	-	-	(904,000,000)
Sale of Fixed Assets (wdv)	(6,199,945)	-	-	-	(6,199,945)
Sale of fixed asset (ASL)	-	-	500,000	-	500,000
Purchase consideration for acquisition of business	(2,741,502,154)	-	-	-	(2,741,502,154)
Transfer of Assets under scheme of arrangement (ASL)	-	-	1,792,610,701	-	1,792,610,701
Transfer of Liabilities under scheme of arrangement (ASL)	-	-	577,223,176	-	577,223,176
Security deposits refunded	-	-	-	-	-
Capital reduction	1,215,000,000	-	-	-	1,215,000,000
Share capital issued	500,000,000	-	-	-	500,000,000
	(250,000,000)	-	-	-	(250,000,000)
<b>Balances outstanding as at the year end</b>					
Fixed deposit (including interest accrued)	1,326,386,870	-	-	-	1,326,386,870
	(1,592,808,967)	-	-	-	(1,592,808,967)
Share Capital	735,000,000	-	-	-	735,000,000



*[Handwritten signature]*

**AXIS CAPITAL LIMITED**

**Notes to Financial Statement year ended 31 March 2014**

	(1,450,000,000)	-	-	-	(1,450,000,000)
Current account	<b>294,692,513</b>	-	-	-	<b>294,692,513</b>
	(1,144,684,050)	-	-	-	(1,144,684,050)
Other payables	-	-	-	-	-
	(27,868,126)	-	-	-	(27,868,126)
Accounts payable (ASL)	-	-	<b>20,318</b>	-	<b>20,318</b>
Accounts receivable (AAMC)	-	-	<b>468,437</b>	-	<b>468,437</b>
Accounts receivable (AFL)	-	-	<b>456,615</b>	-	<b>456,615</b>
Accounts receivable (for services rendered)	<b>12,951,885</b>	-	-	-	<b>12,951,885</b>
	(260,823,820)	-	-	-	(260,823,820)
Accounts receivable (for services rendered) (ASL)	-	(48,000)	-	-	(48,000)
Accounts receivable (for services rendered) (AAMCL)	-	-	-	-	-
	-	-	(7,381,620)	-	(7,381,620)

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.



*[Handwritten signature]*

## AXIS CAPITAL LIMITED

### Notes to Financial Statement year ended 31 March 2014

#### 28. Leases

##### *Operating Lease:*

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

	Operating Lease	
	2013-14 (₹)	2012-13 (₹)
Minimum lease payments :		
-Not later than one year	45,005,076	143,432,827
-Later than one year but not later than five years	23,291,708	338,530,180
-Later than five years	159,636	151,005,401
Lease payment for the year	45,754,115	136,210,893

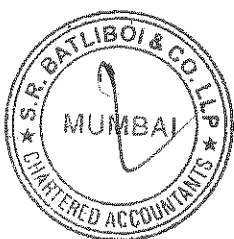
#### 29. Gratuity and other benefit plans

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)

	2013-14 (₹)	2012-13 (₹)
Current service cost	6,583,824	10,318,772
Interest cost on benefit obligation	5,403,144	5,044,573
Expected return on plan assets	(3,755,928)	(3,527,686)
Net actuarial (gain)/ loss recognised in the year	(4,392,269)	10,928,711
Past service cost	-	-
<b>Net benefit expense</b>	<b>3,838,771</b>	<b>22,764,370</b>
Actual return on plan assets	4,796,798	3,143,987



# AXIS CAPITAL LIMITED

Notes to Financial Statement year ended 31 March 2014

## Balance sheet

### Details of provision for gratuity

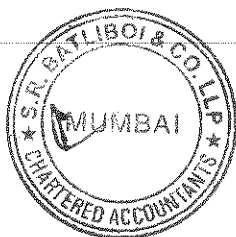
	2013-14 (₹)	2012-13 (₹)
Defined benefit obligation	76,527,918	79,799,394
Fair value of plan assets	(72,895,700)	(53,032,419)
Liability	3,632,218	26,766,975

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

	2013-14 (₹)	2012-13 (₹)
Opening defined benefit obligation	79,799,394	57,441,533
Liability transferred on account of demerger	(10,528,321)	-
Interest cost	5,403,144	5,044,573
Current service cost	6,583,824	10,318,772
Liability transferred in	-	3,923,305
Benefits paid	(1,378,724)	(7,473,801)
Actuarial (gains)/losses on obligation	(3,351,399)	10,545,012
Closing defined benefit obligation	76,527,918	79,799,394

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

	2013-14 (₹)	2012-13 (₹)
Opening fair value of plan assets	53,032,419	41,765,082
Asset transferred on account of demerger	(2,953,379)	-
Expected return	3,755,928	3,527,686
Contributions by employer	19,398,586	11,673,846
Benefits paid	(1,378,724)	(7,473,801)
Assets transferred	-	3,923,305
Actuarial gains/(losses)	1,040,870	(383,699)
Closing fair value of plan assets	72,895,700	53,032,419



*[Handwritten signature]*



# AXIS CAPITAL LIMITED

## Notes to Financial Statement year ended 31 March 2014

The Company expects to contribute ₹9,828,142 (Previous year ₹29,126,845) 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 2014	31 March 2013
Investment with insurer	100%	100%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to the improved stock market scenario.

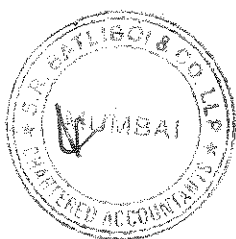
The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	Gratuity		Compensated absence	
	2013-14	2012-13	2013-14	2012-13
	%	%	%	%
Discount rate	9.38	7.80	9.02	7.80
Expected rate of return on assets	9.38	7.50	-	7.50
Employee turnover	21-44 years*	NA	70	NA
(*Sales and retail broking)	45-59 years*	NA	1	NA
Employee turnover(Capital market)		7	7	7
Salary escalation rate		7	6	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:

	2013-14	2012-13	2011-12	2010-11	2009-10
	(₹)	(₹)	(₹)	(₹)	(₹)
Defined benefit obligation	76,527,918	79,799,394	7,684,303	4,034,685	3,309,372
Plan assets	72,895,700	53,032,419	2,941,055	1,866,222	1,074,612
Surplus / (deficit)	(3,632,218)	(26,766,975)	(4,743,248)	(2,168,463)	(2,234,760)



*(Handwritten signature)*

## AXIS CAPITAL LIMITED

### Notes to Financial Statement year ended 31 March 2014

Experience adjustments on plan liabilities	(2,204,653)	2,064,652	2,305,902	1,478,374	1,188,759
Experience adjustments on plan assets	1,040,870	101,600	(20,629)	(59,744)	(36,932)

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

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

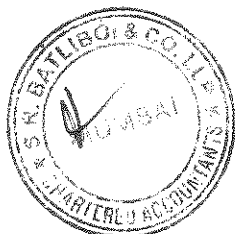
31. Deferred Tax Asset arising on account of provision for diminution in the value of investment & capital losses, if any has not been recognized in view of the uncertainty of the timing of sale of investment and the capital gains arising there from.

	31 March 2014 (₹)	31 March 2013 (₹)
Deferred tax Assets comprise timing difference on account of :		
- Depreciation	3,039,019	(6,663,456)
- Provision for doubtful debts	5,705,370	9,480,034
- Demerger expenses	47,639,816	16,409,741
- Provision for lease equalization charges	64,583	2,211,457
- Others	-	6,990,204
<b>Total</b>	<b>56,448,788</b>	<b>28,427,980</b>

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

	31 March 2014 (₹)	31 March 2013 (₹)
Commitment for addition/acquisition of software	200,000	10,477,500
Commitments for leasehold improvements	-	18,079,000
Commitment for networking, office equipments etc.	-	25,022,579
<b>Total</b>	<b>200,000</b>	<b>53,579,079</b>

33. The Company has the Bank guarantee facility from Axis Bank for ₹1,000,000,000 (Previous year: ₹ 1,250,000,000) of which ₹ Nil (Previous year: ₹ Nil) has been utilized as at 31 March 2014.



*[Handwritten signature]*

## AXIS CAPITAL LIMITED

### Notes to Financial Statement year ended 31 March 2014

34. During the year, the holding company issued Nil (Previous year: 33,000) of stock options to some employees of the holding company who are on deputation with the Company. Since these stock options are issued by the holding company directly to the employees of the holding company and the related costs, if any, will be borne by the holding company, no provision is made in the accompanying financials statements.

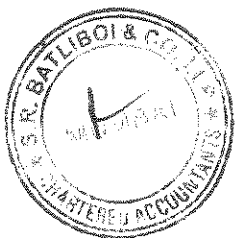
#### 35. Disclosure of Discontinuing Operations

The Company in their Board of Directors meeting held on 20 October 2012 has approved and entered into an arrangement, with Axis Securities Limited ("ASL") inter-alia to de-merge the sourcing, marketing and distribution of various financial products, including retail assets, credit cards, debit cards, currency cards, , insurance products, mutual funds schemes, schematic loans of small and medium enterprises, and providing support services to Axis Bank for collection & recovery and other business verticals of Axis Bank; and (ii) retail stock broking, including the Axis Direct on-line trading platform offering a comprehensive product bouquet including equity, mutual funds and other financial products and shall include all of the undertakings, business, activities and operations pertaining thereto of the Demerged Company (and excluding, in its entirety, the ESPL Financial Services Business transferred to the Demerged Company pursuant to the Principal Scheme), on a going concern basis with effect from 20 October 2012 by way of a demerger to ASL, as a going concern. The execution of arrangement is contingent based on satisfactory approval from the respective regulatory authorities and also through a scheme of arrangement under section 391 to 394 of the Companies Act, 1956 by way of a court process.

At 31 March 2014, the carrying amount of assets of the loan sourcing & retail broking division was nil (31 March 2013: Rs. 1,605 million) and its liabilities were nil (31 March 2013: Rs. 405 million), including the provision for expected termination cost.

The following statement shows the revenue and expenses of discontinuing operations:

	2013-2014 (₹)	2012-2013 (₹)
Revenue	-	2,299,808,815
Expenses	-	(2,248,135,529)
<b>Profit / (Loss) from Operating Activities</b>	-	<b>51,673,286</b>
Finance Costs	-	(1,466,667)
Depreciation and amortization expense	-	(38,157,924)
<b>Profit / (Loss) before Tax</b>	-	<b>12,048,695</b>
Income Tax Expense		
Current tax	-	(9,300,000)
Deferred tax	-	992,868
<b>Profit / (Loss) after Tax</b>	-	<b>3,741,563</b>



**AXIS CAPITAL LIMITED**

**Notes to Financial Statement year ended 31 March 2014**

The carrying amounts of the total assets and liabilities to be disposed off are as follows:

	31 March 14 (₹)	31 March 13 (₹)
Total Asset	-	1,605,418,969
Total Liabilities	-	404,549,243
<b>Net</b>	-	<b>1,200,869,726</b>

The net cash flows attributable to the discontinuing operation are as below:

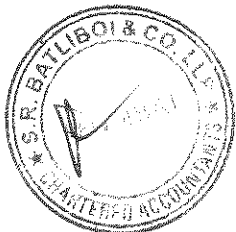
	31 March 14 (₹)	31 March 13 (₹)
Operating Activities	-	(358,270,365)
Investing Activities	-	141,100,512
Financing Activities	-	250,000,000
<b>Net Cash inflow / (outflow)</b>	-	<b>32,830,147</b>

36. On 17 November 2010, the Boards of Directors of the Bank and the Company have approved the acquisition of certain financials service business of Enam Securities Private Limited ('ESPL') by the Company. Further, the High court of Gujarat, vide their Order dated 03 August 2012 and 14 September 2012 respectively, have approved the Scheme of Arrangement among ESPL, the Bank, the Company and their respective shareholders and Creditors. Pursuant to the approvals, the Bank has issued to the shareholders of ESPL 5 equity shares of the face value of Rs. 10 of Axis Bank for every 1 equity shares of Rs 10 of ESPL aggregating 12,090,000 equity shares and the Company has paid Rs. 2,741,502,154 as consideration for simultaneous sale of the ESPL financial service business from the Bank of the Company. The scheme has been executed effective October 20, 2012 on filing of court order with registrar of companies. Profit of the acquired business of ESPL for the year ended 31 March 2011 and 31 March 2012 have been shown in the statement of profit and loss for the year ended 31 March 2013

The following are the extract of profit and loss account of acquired business of ESPL for the year ended 31 March 2011 and 31 March 2012:

Particulars	2011-2012	2010-2011
Income	2,058,232,500	2,823,150,762
Expenditure	1,359,645,731	1,613,253,396
Profit for the year	483,394,479	818,942,151

ESPL had paid dividend to their existing shareholders for the financial year ended 31 March 2011 and 31 March 2012, which has been shown under appropriation to statement of profit and loss.



**AXIS CAPITAL LIMITED**

**Notes to Financial Statement year ended 31 March 2014**

**37. Previous year comparatives**


In view of the acquisition of ESPL business with effect from 01 April 2010 and 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.

38. 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



**Dharmesh Mehta**  
Director



**Nilesh Shah**  
Managing Director



**M. Natarajan**  
Company Secretary

