

AXIS CAPITAL LIMITED
DIRECTOR'S REPORT

The Board of Directors is pleased to submit the Seventh Annual Report on the business and operations of the Company along with the Audited Balance Sheet and Profit & Loss Accounts for the year ended 31st March 2013.

FINANCIAL PERFORMANCE

In a very competitive but active market during the year, the Company achieved a total income of ₹393 Crores during the year under review.

The Financial Results of the Company for the year ended 31st March 2013 are given below:

(Figures in ₹)

Particulars	2012-13	2011-2012
		Amount
Operating Income(A)	3,61,10,61,128	1,62,91,08,811
Interest Income on Fixed Deposits and Miscellaneous Income (B)	32,58,20,002	1,73,82,060
Total Income (A)+(B)	3,93,68,81,130	1,64,64,90,871
Operating Expenses	3,56,26,30,228	1,70,31,32,292
Profit/(Loss) before Depreciation, provisions for tax	37,42,50,902	(5,66,41,421)
Depreciation	(4,86,66,328)	(3,26,04,438)
Provisions for Tax	(6,07,42,373)	-
Profit / (Loss) After Tax	26,48,42,200	(8,92,45,859)
Balance carried to Balance Sheet	76,38,29,840*	(25,25,72,562)

*Includes surplus in Profit and Loss account of acquired business from appointed date i.e from 01/04/2010 to 31/03/2012.

OPERATIONS

During the course of the financial year, the de-merger scheme integrating the financial services businesses of Enam Securities Pvt Ltd with the company was given effect on October 20th, 2012. The name of the company has been subsequently changed to Axis Capital Ltd to reflect the enlarged scope of business. Your company is now engaged in five lines of business, namely investment banking, Institutional equities, Investment solutions and the erstwhile retail asset and retail equities.

The Company has the following subsidiaries as on March 31, 2013

- (I) Axis Securities Limited (erstwhile Enam Securities Direct Private Limited)
- (II) Enam International Limited
- (III) Enam Securities Europe Limited

During the current year, the Company had sold its entire share capital in Axis Finance Private Limited (erstwhile Enam Finance Private Limited) to Axis Bank Limited pursuant to which Axis Finance Private Ltd. has become a direct subsidiary of the Axis Bank Limited.

The Company has filed a Scheme of Arrangement amongst the shareholders and creditors for de-merger of the existing retail sales and retail equities business to Axis Securities Limited. In consideration of the same, Axis Securities Limited would issue shares to Axis Bank Limited making Axis Securities Limited a subsidiary of the Axis Bank Limited.

Enam International Limited is in the voluntary liquidation process in terms of applicable Regulations and Enam Securities Europe Limited is in the process of obtaining necessary approvals from the respective Regulatory Authority with regard to the change in control of the Company

Our investment banking business saw revenues move in tandem with the business and market cycle. We estimate that the total business volume in the investment banking space stayed flat at ~US\$ 50 billion. However, the fee pool dropped dramatically by about 30% from USD 335 million in FY12 to about US\$245 million in FY13.

Equity Capital Market (ECM) volumes moved up thanks to the disinvestment program of the government. However, the fee pool shrunk as the high fee businesses of IPOs and ADR/GDRs were replaced by government OFS deals and secondary block placements that pay significantly lower. M&A also fees fell by over 35% in spite of the overall volumes being flat, due to an increasing reliance on in-house M&A teams by corporates and increased volume from highly price sensitive public sector clients.

On the ECM front, we have moved up in the domestic league tables from the 5th position in FY12 to the 1st position in FY13 on the Prime Database, while we appear as 2nd on the Bloomberg league tables.

In the M&A business, we have moved up to the 2nd position in domestic deals and 7th position overall (source: Mergermarket), improving from the 9th position in the previous year. In addition, this year we had taken steps to establish relationships with leading players in several overseas markets – including Robert Baird & Co. of the USA. We have relationships in place across Europe and Asia. We are hopeful that these initiatives will result in successful closures of cross border M&A transactions in the coming year.

The investment banking team was also active in the structured finance area. It made a strong impact in this area and successfully concluded several transactions, justifying the synergy benefits of a commercial and investment bank working in tandem. We are hopeful that these initiatives will bear greater fruit in the years to come. As demands of clients grow more complex, our ability to service them in an integrated manner is bound to give us a competitive advantage over stand alone investment banks and less integrated global banks.

Our institutional equities business was also affected by the market downturn and the transition from Enam to Axis in the current year. Institutional market volumes increased by an estimated 2% in the current year. However, the advent of ETFs, DMA and basket trades and a SEBI mandated cut in DII commission rates, resulted in a shrinkage of the institutional equities commission pool by almost 40% from an estimated US\$ 480 mn in FY12 to US\$ 275 mn in FY13. Thanks to the initiatives taken by the team on focusing on better paying clients and block deals, we were able to increase our revenue market

share in the current year. However, overall revenues in this segment still declined due to the steep fall in the market.

Our Investment solution business also faced a challenging environment due to market and regulatory forces. Despite the odds, the team delivered remarkable growth in Assets Under management (AUM) as well Revenue this year. Our average mutual fund AUM increased by 17% from Rs. 12,256 cr. in FY12 to Rs. 14,306 cr. in FY13. We remain a top five institutional distributor of mutual funds in India. Our team also mobilized significant resources in tax free bond issues.

FY13 was an exceptionally good year for the Retail Asset and SME business. Except Auto Loan, all other Retail Asset verticals recorded their highest ever disbursement during the year. Housing Loan disbursement grew from Rs.5384 crore during FY12 to Rs. 7734 crores during the current year, a growth of 44%. Personal loan grew at 80% from Rs.1032 crore to Rs.1860 crore, while Loan Against Property grew from Rs. 644 crore to Rs.1375 crore recording a growth of 114%.

The SME portfolio recorded a phenomenal growth of 200% from Rs.504 crore during the FY12 to Rs.1523 crore during the current fiscal. Our company contributes about 62% of overall Personal Loans, 54% of Home Loans, 57% of Loans against Property and 93% of Auto Loans business of Axis Bank. The number of Credit Cards issued increased from 1.6 lakh to over 3 lakh in the current fiscal.

Under Merchant Acquiring business, the productivity per employee has increased from 9 to 10 during the year. EDC machines sourced during FY12 are 10573 contributing about 39% in overall business of the Bank.

AxisDirect, a 3-in-1 investment account with the facility to trade online or/and over the phone, is available for both resident and NRI customers. As on 31st March 2013, we have a total customer base of over 3 lakh customers. We added over 1.5 lakh customers during the current fiscal. The total number of clients who traded using AxisDirect services in FY13 was ~72,000.

All our teams have worked towards enhancing their market share and productivity in these tough times. We are hopeful that we will be well placed to benefit from the next upturn in the economy and market cycle.

DIVIDEND

Your Directors do not recommend any dividend for the year ended on 31st March 2013 in view of the preceding year's losses carried forward this year.

DIRECTORS

- In accordance with the provisions of the Companies Act, 1956 and the Article of Association of the Company, Mr.Modan Saha, Mr.Arun Thukral and Ms. Shikha Sharma retires by rotation at the Sixth Annual General Meeting and, being eligible, offers themselves for re-appointment.
- Mr.R.K.Bammi and Mr.Sanjeev Gupta resigned as Directors of the Company with effect from October 20th, 2012. The Board places on record, its appreciation for the efforts and contribution made by Mr.R.K.Bammi and Mr.Sanjeev Gupta during their tenure as the Directors of the Company.

AUDIT COMMITTEE

The Audit Committee consists of three Directors – Mr. V. Srinivasan, Mr. Manish Chokhani and Professor Sameer Barua. The Audit Committee was re-constituted during the year under review, vide board resolution dated January 14, 2013 in order to re-align the same with the integration of businesses.

REMUNERATION COMMITTEE

The Remuneration Committee consists of four Directors – Mr. Jagdish Master, Mr.V.Srinivasan, Mr. Manish Chokhani and Mr. Bahram Vakil. The remuneration committee was reconstituted vide board resolution dated January 14, 2013 in order to re-align the same with the integration of businesses.

PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposit 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, 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 224 (1B) of the Companies Act, 1956. The notes to Accounts referred to in the Auditor's Report are self explanatory and therefore do not call for any further comments.

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 loss of the Company for the year ended 31st March 2012.
- 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

We believe that the capital market environment would continue to be challenging in the current year as well. Investment banking businesses will be guided both by growth and competitive intensity. We forecast that domestic growth should inch back to the 6% levels and global flows should remain buoyant. However the risks to both the above are significant. Domestic macro conditions including the forthcoming elections will have an

impact on deal volumes. Overall we believe transaction volumes and fee levels in both ECM and M&A will remain around the same levels as in FY13

At a company level, the overall theme will revolve around our long-term strategy to invest in emerging leaders of India and build deep relationships with our clients. We will expand both in terms of geographies and client segments, to address a wider audience.

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 AXIS CAPITAL LIMITED



MANISH CHOKHANI

MANAGING DIRECTOR & CEO

Place: Mumbai

Date: April 13, 2013

Independent Auditors' Report

To
The Members of Axis Capital Limited
(Formerly known as Axis Securities and Sales Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of Axis Capital Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2013, 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 referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). 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. 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 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 31 March 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date;
and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of 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, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act;
 - (e) On the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

Other Matter

In November 2010, the Company entered into an agreement with ENAM Securities Private Limited ('ESPL') to acquire certain financial service businesses from ESPL with effect from 1 April 2010. The High Court and other regulators provided their approval on the Scheme of Merger on 20 October 2012.

We did not audit the financial statements of ESPL, whose financial statements reflect a net profit of the demerged operations of Rs. 818.9 million and Rs. 483.4 million for the years ended 31 March 2011 and 31 March 2012, respectively. The net profits of the demerged operations stated earlier have been disclosed separately in the Statement of Profit and Loss of the Company for the year ended 31 March 2013. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.



For S.R. BATLIBOI & CO. LLP

Chartered Accountants

Firm's Registration Number: 301003E



per Viren H. Mehta

Partner

Membership Number: 048749

Place: Mumbai

Date: 13 April 2013

**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 procedures of physical verification of securities held as stock-in-trade followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) 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, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) The provision of clause 4(viii) of the Order is not applicable to the Company in the year under audit and hence not reported upon.
- (ix)(a) Undisputed statutory dues including provident fund, employees' state insurance, service tax, cess and other material statutory dues have generally been regularly

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S.R. BATLIBOI & CO. LLP

Chartered Accountants

deposited with the appropriate authorities though there has been a slight delay in a few cases pertaining to labour welfare fund and income-tax. 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.

- (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	146,166	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
Income Tax Act, 1961	Tax and interest	898,412**	AY 2005-2006	High Court
Income Tax Act, 1961	Tax and interest	3,373,880**	AY 2006-2007	High Court
Income Tax Act, 1961	Tax and interest	1,919,756**	AY 2007-2008	Commissioner of Income Tax (Appeal)
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 October 2012	Supreme Court

** The Company has deposited Rs. 4,333,416 in relation to disputed income tax liability which has been shown as recoverable.

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



S.R. BATLIBOI & CO. LLP

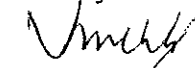
Chartered Accountants

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash loss during the year. *In the immediately preceding financial year, the Company had incurred cash loss.*
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (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 has unsecured debentures outstanding during the year, on which no security or charge is required to be created.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) We have been informed that *there have been instances of fraud by third parties and certain employees of the company amounting to Rs. 1,526,804.* Investigations related to these cases are either in progress or closed. The Company has since terminated the services of these employees and has also recovered Rs. 541,092.


For S.R. BATLIBOI & CO. LLP

Chartered Accountants

Firm registration number: 301003E



per Viren H. Mehta

Partner

Membership No.: 048749

Place: Mumbai

Date: 13 April 2013

ANNUAL REPORT
2012 - 2013

AXIS CAPITAL LIMITED
(FORMERLY AXIS SECURITIES AND SALES LIMITED)

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

AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

BALANCE SHEET

(Amount in Indian Rupees)

	Note No.	As at 31 March 2013	As at 31 March 2012
EQUITY AND LIABILITIES			
SHAREHOLDER'S FUNDS			
Share capital	3	1,450,000,000	1,200,000,000
Reserves and surplus	4	893,067,260	(252,572,562)
		<u>2,343,067,260</u>	<u>947,427,438</u>
NON CURRENT LIABILITIES			
Other long term liabilities	6	1,756,385	2,375,005
Long term provisions	7	32,596,952	9,655,943
		<u>34,353,337</u>	<u>12,030,948</u>
CURRENT LIABILITIES			
Short term borrowings	5	1,540,000,000	-
Trade payables	8	1,615,022,170	86,607,276
Other current liabilities	9	318,936,181	161,834,232
Short-term provisions	7	151,342,771	40,775,002
		<u>3,625,301,122</u>	<u>289,216,510</u>
		<u>6,002,721,719</u>	<u>1,248,674,896</u>
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets	10		
-Tangible assets		58,750,952	57,292,826
-Intangible assets		58,297,512	66,123,512
		<u>117,048,464</u>	<u>123,416,338</u>
Non-current investments	11	498,537,710	-
Deferred tax assets (net)	32	28,427,980	-
Long term loans and advances	12	347,094,473	91,108,585
Other non-current assets	13.2	460,056,962	-
		<u>1,334,117,125</u>	<u>91,108,585</u>
CURRENT ASSETS			
Current investments		-	-
Stock in Trade	14	3,055,045	-
Trade receivables	13.1	1,855,323,662	277,183,726
Cash and bank balances	15	2,598,041,965	711,084,060
Short-term loans and advances	12	35,658,279	16,616,363
Other current assets	13.2	59,477,179	29,265,824
		<u>4,551,556,130</u>	<u>1,034,149,973</u>
		<u>6,002,721,719</u>	<u>1,248,674,896</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

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



Viren H. Mehta
 per Viren H. Mehta
 Partner
 Membership No. :- 048749
 Place: Mumbai
 Date: 13 April 2013

For and on behalf of the board of Directors

Shikha Sharma
Manish Chokhani
Nilesh Shah

Shikha Sharma
 Chairperson

Manish Chokhani
 Managing Director

Nilesh Shah
 Director

Arun Thukral
 Arun Thukral
 Director

Modan Saha
 Modan Saha
 Director

M. Natarajan
 M. Natarajan
 Company Secretary

STATEMENT OF PROFIT AND LOSS

(Amount in Indian Rupees)

	Note No.	For the year ended 31 March 2013	For the year ended 31 March 2012
Revenue from operation	16	3,611,061,128	1,594,174,551
Other income	17	325,820,002	52,316,320
		<u>3,936,881,130</u>	<u>1,646,490,871</u>
Employee benefit expense	18	2,487,732,664	1,384,873,634
Finance costs	19	124,976,740	133,332
Depreciation and amortization	21	48,666,328	32,604,438
Other expenses	20	949,920,825	318,125,325
		<u>3,611,296,557</u>	<u>1,735,736,730</u>
Profit before tax		325,584,573	(89,245,860)
Tax expenses:			
Current tax		147,000,000	-
Adjustment of tax relating to previous year		(67,022,345)	-
Deferred Tax		(19,235,282)	-
		<u>264,842,200</u>	<u>(89,245,860)</u>
Profit of business acquired from appointed date i.e. 1 April 2010 To 31 March 2012	22	1,302,336,630	-
Profit for the period/year		1,567,178,830	(89,245,860)
Break-up of profit and tax in continuing and discontinuing operations			
Profit(loss) before tax from continuing operation		313,535,878	-
Tax expenses for continuing operations:			
Current tax		137,700,000	-
Short provision of earlier years		(67,022,345)	-
Deferred tax		(18,242,415)	-
		<u>261,100,638</u>	<u>-</u>
Profit of business acquired from appointed date i.e. 1 April 2010 To 31 March 2012		1,302,336,630	-
Profit/(loss) for the year from continuing operation		1,563,437,268	-
Profit(loss) before tax from discontinuing operation		12,048,695	(89,245,860)
Tax expenses for discontinuing operations:			
Current tax		9,300,000	-
Short provision of earlier years		-	-
Deferred tax		(992,867)	-
		<u>3,741,562</u>	<u>(89,245,860)</u>
Profit/(loss) for the year from discontinuing operation		3,741,562	(89,245,860)
Profit for the year		1,567,178,830	(89,245,860)
Earning per equity share:	24		
(Nominal Value per share Rs. 10)			
Basic			
Computed on the basis of continuing operations		1.92	-
Computed on the basis of total profit for the year		1.94	(0.86)
Diluted			
Computed on the basis of continuing operations		1.92	-
Computed on the basis of total profit for the year		1.94	(0.86)

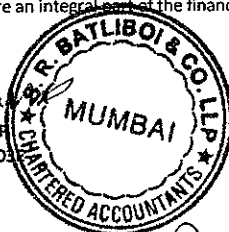
Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per report of even date

Smitish Chokhani
For S.R. BATLIBOI & CO. LLP
Firm Registration No.301003
Chartered Accountants



per Viren H. Mehta
Partner
Membership No. :- 048749
Place: Mumbai
Date: 13 April 2013

For and on behalf of the board of Directors

Shikha Sharma
Shikha Sharma
Chairperson

Manish Chokhani
Manish Chokhani
Managing Director

Nilesh Shah
Nilesh Shah
Director

Arun Thukral
Arun Thukral
Director

Modan Saha
Modan Saha
Director

M. Natarajan
M. Natarajan
Company Secretary

AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Cash flow statement for the year ended March 31, 2013

Particulars	Year ended	Year ended
	31 March 2013	31 March 2012
	₹	₹
A) Cash flows from operating activities		
Profit before tax from continuing operations	313,535,878	-
Profit before tax from discontinuing operations	12,048,695	(89,245,859)
Profit/(loss) before taxes	325,584,573	(89,245,859)
Non cash & non operating adjustments:		
Other income	(325,820,002)	(17,382,060)
Depreciation and amortisation	48,666,328	32,604,438
Provision for impairment	57,173,465	-
Sundry Balance Written off	528,692	-
Provision for doubtful debts	(1,338,082)	337,081
Provision for doubtful receivables	881,000	-
Loss on sale of fixed assets	660,720	2,394,626
Operating profit/(loss) before working capital changes	106,336,694	(71,291,774)
Movement in working capital:		
Decrease / (increase) in long term loan & advances	(40,003,274)	1,745,475
Decrease / (increase) in short term loan & advances	29,580,723	(5,297,539)
Decrease / (increase) in other non current assets	(4,067,051)	172,766
Decrease / (increase) in trade receivables	355,324,579	(99,088,388)
Decrease / (increase) in inventory	29,834	-
Decrease / (increase) in other current assets	25,468,523	(14,327,408)
Decrease / (increase) fixed deposit under lien exchange	(203,075,000)	(150,000,000)
Increase/ (decrease) in other long term liabilities	(618,620)	(1,521,395)
Increase/ (decrease) in long term provisions	22,941,009	2,594,092
Increase/ (decrease) in short term provisions	90,975,942	26,390,757
Increase/ (decrease) in trade payables	(346,868,108)	60,461,001
Increase/ (decrease) in other current liabilities	(16,354,584)	9,541,247
Cash generated from operations	19,670,665	(240,621,166)
Direct taxes paid (net of refund)	(209,807,987)	(20,430,961)
Net cash from operating activities	(190,137,322)	(261,052,127)
Income from Non operating activities	39,779,129	1,504,887
Amount paid for aquisition of business	(2,741,502,154)	-
Net cash generated from operations	(2,891,860,347)	(259,547,240)
B) Cash flow from investing activities		
Purchase of fixed assets	(14,635,873)	(12,593,117)
Proceeds from sale of fixed assets	19,908,947	622,005
Purchase of investments	(8,715,000,000)	-
Sale of other investment	9,121,920,533	-
Sale of investment in subsidiary	904,000,000	-
Movement in intangible assets under development	(11,856,574)	(8,434,291)
Investment in Bank FDs	(251,481,391)	(115,300,076)
Interest income	211,883,497	15,877,173
Net cash used in investing activities	1,264,739,139	(119,828,306)
C) Cash flows from financing activities		
Proceeds from issue of shares	250,000,000	400,000,000
Borrowings	2,740,000,000	-
Borrowings repaid	(1,200,000,000)	-
Dividend including distribution tax	(197,280,256)	-
Net cash from financing activities	1,592,719,744	400,000,000
Net increase in cash and cash equivalents	(34,401,464)	20,624,454
Cash and cash equivalents at the beginning of the period	61,526,602	40,902,148
Cash and cash equivalents of acquired business	1,264,882,445	-
Cash and cash equivalents at the end of the period	1,292,007,583	61,526,602
Fixed deposits under lien	1,105,043,147	308,175,000
Fixed deposits (with maturity more than 90 days)	200,991,234	341,382,458
Cash and bank balance as per balance sheet	2,598,041,964	711,084,060
Components of cash and cash equivalents as at		
Cash in hand	186,814	7,500
With scheduled bank -		
-On current account	1,181,820,770	61,519,102
-On fixed deposit with original maturity for less than 3 months	110,000,000	-
Total	1,292,007,584	61,526,602

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

As per our report on even date

For R. BATLIBOI & CO. LLP
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.: 048749
Place : Mumbai
Date : 13 April 2013

For and on behalf of the Board of Directors

Shikha Sharma
Chairperson

Manish Chokhani
Managing Director

Nilesh Shah
Director

Man Thukral
Director

Modan Saha
Director

M. Natarajan
Company Secretary



AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

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 marketing of retails assets product of the Bank including distribution of credit cards, institutional and online retail broking, investment banking and distribution of financial products.

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

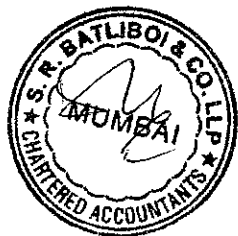
The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. 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.

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



AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

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	10%	1.63%
Electrical fitting & other equipments	10%	4.75%
Furniture and fitting	10%	6.33%
Computer	33.33%	16.21%
Vehicles	25%	9.5%
Software	20%	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.

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.



Handwritten signatures and initials, including a large signature on the left and several initials on the right.

AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

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.

Business sourcing and resource management -

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

Interest -

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

Brokerage -

- d. Brokerage income in relation to stock broking activity is recognized on a trade date basis.
- e. Gains/losses on dealing in securities are recognized on a trade date basis.
- f. Income from Super Value Plan to the extent of account opening fees is recognized upfront and balance is amortized over the validity of plan. Income from other existing prepaid plan is recognized on utilization of complementary turnover limit or validity of plan, whichever is earlier.
- g. 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.

Investment Banking -

- h. 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.
- i. 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.

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.



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

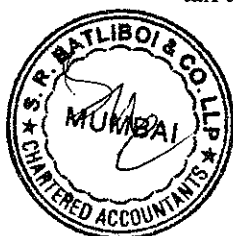
Notes to Financial Statement year ended 31 March 2013

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 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.



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

- 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.

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



AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

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. Segment reporting policies:

The business of the Company is divided into three segments: marketing of financial products (sales), retail broking and capital market division:

a. Nature of segment:

Marketing of financial products: Division is involved in the business of marketing of retail assets product of the bank including providing resource management services to various verticals of bank.

Retail broking: The division is involved in providing retail broking services and distribution of IPO and Mutual fund.

Capital market: The division provides institutional broking services and distribution of financial products - advisory services.

b. Identification of segment:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

c. Allocation of common costs:

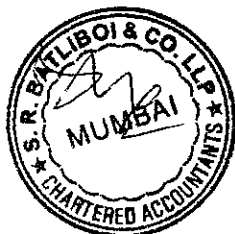
Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

d. Unallocated items:

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

e. Segment accounting policies:

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



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

xiv. 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.

xv. 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.

xvi. 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.

xvii. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

3. Share capital

	31 March 2013 ₹	31 March 2012 ₹
Authorized shares 175,000,000 (31 March 2012: 12,00,00,000) equity shares of ₹10/- each	1,750,000,000	1,200,000,000
Issued shares 145,000,000 (31 March 2012: 12,00,00,000) equity shares of ₹10/- each	1,450,000,000	1,200,000,000
Subscribed and fully paid-up shares 145,000,000 (31 March 2011: 12,00,00,000) equity shares of ₹10/- each	1,450,000,000	1,200,000,000

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

Equity shares

	31 March 2013		31 March 2012	
	No.	₹	No.	₹
At the beginning of the period	120,000,000	1,200,000,000	85,000,000	850,000,000
Issued during the period	25,000,000	250,000,000	40,000,000	400,000,000
Cancelled during the period	-	-	5,000,000	5,000,000
Outstanding at the end of the period	145,000,000	1,450,000,000	120,000,000	1,200,000,000

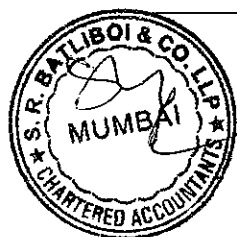
b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of 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 the shareholder	31 March 2013 ₹	31 March 2012 ₹
Axis Bank Limited, the holding company and its nominees		
145,000,000 (31 March 2012: 12,000,000) equity shares of ₹10/- each	1,450,000,000	1,200,000,000



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

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

Name of the shareholder	31 March 2013 ₹	31 March 2012 ₹
Axis Bank Limited, the holding Company and its nominees		
145,000,000 (31 March 2012: 120,000,000) equity shares of ₹10/- each	1,450,000,000	1,200,000,000

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

4. Reserve & surplus

	31 March 2013 ₹	31 March 2012 ₹
General Reserve		
Balance as per last financial statements	-	-
Addition on account of acquisition of business	129,237,420	-
Balance at the end of the year	A 129,237,420	-
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	(252,572,562)	(163,326,702)
Profit /(Loss) for the year	1,567,178,830	(89,245,860)
Transfer to general reserve	(129,237,420)	-
Payment of dividend (Refer note 22)	(362,700,000)	-
Corporate dividend tax (Refer note 22)	(58,839,008)	-
Balance at the end of the year	B 763,829,840	(252,572,562)
Total	(A+B) 893,067,260	(252,572,562)

5. Short term borrowings

	31 March 2013 ₹	31 March 2012 ₹
15,400 (Previous year Nil) 11.25% unsecured non convertible debentures having face value of Rs. 100,000 each, repayable on maturity on 30 October 2013 (the Company has a call option to repay 4,000 debentures after 23 April 2013 with 7 day's notice)	15,400,00,000	-
Total	15,400,00,000	-



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

6. Other long-term liabilities

	31 March 2013	31 March 2012
	₹	₹
Sundry creditors for capital expenditure	1,756,385	2,375,005
Total	1,756,385	2,375,005

7. Provisions

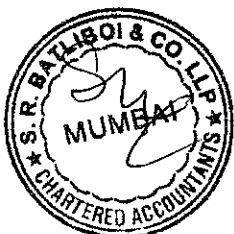
	Long-term		Short-term	
	31 March 2013 ₹	31 March 2012 ₹	31 March 2013 ₹	31 March 2012 ₹
Provision for employee benefits				
Gratuity payable (note 30)	26,766,975	3,284,425		1,458,823
Provision for leave	116,800	492,336	21,427,982	13,412,599
Provision for bonus	-	-	128,811,949	25,600,000
	26,883,775	3,776,761	120,239,931	40,471,422
Other provisions				
Lease equalization	5,713,177	5,879,182	1,102,840	303,580
Total	32,596,952	9,655,943	151,342,771	40,775,002

8. Trade Payables

	31 March 2013	31 March 2012
	₹	₹
Trade payables (including acceptances) (refer note 31 for details of dues to micro and small enterprises)	1,615,022,170	86,607,276
	1,615,022,170	86,607,276

9. Others current liabilities

	31 March 2013	31 March 2012
	₹	₹
Other liabilities		
Income received in advance	29,519,156	5,649,611
Others		
Expense creditors	150,095,242	134,585,273
Interest Accrued but not due	75,945,205	-
Undisputed statutory dues	53,165,345	20,081,633
Others	10,211,233	1,517,715
Total	318,936,181	161,834,232



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AXIS CAPITAL LIMITED (FORMERLY AXIS SALES AND SECURITIES LIMITED)

Note 10 : Fixed Assets

Assets	Gross Block					Depreciation					Net Block	
	As at April 1, 2012	Addition on acquisition	Other addition	Deductions	As at March 31, 2013	As at April 1, 2012	For the year	Deductions	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012	
Tangible assets												
Improvements to leasehold premises	34,688,785	-	2,414,215	6,179,214	30,923,787	14,944,562	5,229,125	2,960,471	17,213,216	13,710,571	19,744,224	
Furniture	42,515,549	3,480,258	2,627,228	24,405,403	24,217,632	23,155,579	4,176,959	17,886,460	9,446,078	14,771,554	19,359,970	
Electrical Fitting	-	1,868,851	-	1,694,033	174,818	-	5,365	409,817	(604,452)	579,270	-	
Office equipment	10,237,281	19,032,101	2,087,608	22,984,285	8,372,704	4,636,911	2,584,062	13,504,503	(6,283,531)	14,656,235	5,600,370	
Computers	31,006,331	11,320,902	7,506,821	1,187,557	48,646,498	18,441,112	16,496,772	1,163,195	33,774,690	14,871,808	12,565,220	
Vehicle	1,166,998	697,025	-	1,790,046	73,978	1,143,956	378,041	1,609,533	(87,536)	163,513	23,042	
	119,614,944	36,399,137	14,635,873	58,240,539	112,409,416	62,322,120	28,870,327	37,533,979	59,658,467	58,750,951	57,292,826	
Intangible assets												
Software	93,300,598	-	11,970,235	113,661	105,157,172	27,177,086	19,796,001	113,428	46,839,658	58,297,513	66,123,512	
Total	212,915,542	36,399,137	26,606,108	58,354,200	217,566,587	89,499,206	48,666,328	37,647,407	100,518,125	117,048,464	123,416,338	



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

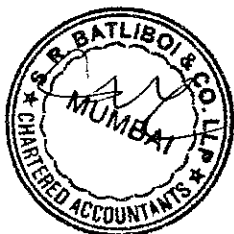
Notes to Financial Statement year ended 31 March 2013

11. Investment

	Non-current		Current	
	31 March 2013 ₹	31 March 2012 ₹	31 March 2013 ₹	31 March 2012 ₹
Trade investment in subsidiaries (Unquoted, valued at cost unless otherwise stated)				
Enam International limited (1800, equity shares of \$1,000 each fully paid)	87,151,000	-	-	-
Less:-Provision for impairment	57,173,465	-	-	-
	29,977,535	-	-	-
Axis Securities Limited (3,000,000, equity shares of Rs. 10 each fully paid)	182,490,000	-	-	-
Enam Securities Europe Limited (1,000,002, equity shares of £ 1 each fully paid)	86,070,175	-	-	-
Axis Securities Limited (2,000,000 preference shares of Rs. 100/- each fully paid)	200,000,000	-	-	-
Total	498,537,710	-	-	-

12. Loans and advances

	Non-current		Current	
	31 March 2013 ₹	31 March 2012 ₹	31 March 2013 ₹	31 March 2012 ₹
Capital advances (Unsecured, considered good)	29,675,697	9,489,422	-	-
A	29,675,697	9,489,422	-	-
Security deposit				
Unsecured, considered good	80,637,174	27,248,926	2,824,776	3,165,000
Unsecured, considered doubtful	881,000	-	-	-
	815,181,74	27,248,926	2,824,776	3,165,000
Less: Provision for doubtful (881,000)	(881,000)	-	-	-
B	80,637,174	27,248,926	2,824,776	3,165,000
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	12,824,904	1,935,064
C	-	-	12,824,904	1,935,064



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

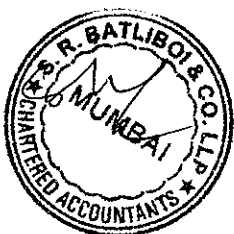
Notes to Financial Statement year ended 31 March 2013

	Non-current		Current	
	31 March 2013 ₹	31 March 2012 ₹	31 March 2013 ₹	31 March 2012 ₹
Other loans and advances (Unsecured, considered good)				
Loans to employees	-	-	1,170,700	-
Advance income-tax (net of provision for income tax ₹2,334,197,705; Previous year ₹10,313,505)	234,976,980	54,309,991	-	-
Prepaid expenses	1,804,622	60,246	15,265,352	8,801,322
Balances with statutory / government authorities	-	-	3,572,547	2,714,977
	D			
	236,781,602	54,370,237	20,008,599	11,516,299
Total	(A+B+C+D)			
	347,094,473	91,108,585	35,658,279	16,616,363

13. Trade receivables and other assets

13.1 Trade receivables

	Non-current		Current	
	31 March 2013 ₹	31 March 2012 ₹	31 March 2013 ₹	31 March 2012 ₹
Outstanding for a period exceeding six months from the date they are due for payment	-	-	-	-
Unsecured, considered good	-	-	33,579,482	-
Doubtful	-	-	26,249,025	290,794
	-	-	59,828,507	290,794
Provision for doubtful receivables	-	-	(26,249,025)	(290,794)
Total	A			
	-	-	33,579,482	-



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

	Non-current		Current	
	31 March 2013 ₹	31 March 2012 ₹	31 March 2013 ₹	31 March 2012 ₹
Other receivables				
Unsecured, considered good	-	-	1,821,744,180	277,183,726
Doubtful	-	-	2,088,757	46,287
			1,823,832,937	277,230,013
Provision for doubtful receivables	-	-	(2,088,757)	(46,287)
Total	B	-	1,821,744,180	277,183,726
Total	(A+B)	-	1,855,323,662	277,183,726

13.2 Other Assets

	Non-current		Current	
	31 March 2013 ₹	31 March 2012 ₹	31 March 2013 ₹	31 March 2012 ₹
Unsecured, considered good unless stated otherwise				
Non-current bank balances (note15)	454,556,391	-	-	-
Others				
Interest accrued on fixed deposits	5,500,571	-	59,477,179	29,265,824
Total	460,056,962	-	59,477,179	29,265,824

14. Stock in trade

	31 March 2013 ₹	31 March 2012 ₹
Opening	-	-
Purchase	428,247,273	9,059
Sale at cost	424,419,520	9,059
Closing	3,055,045	-

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



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

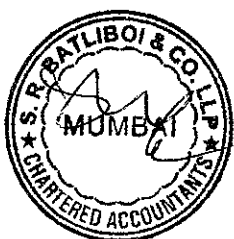
Notes to Financial Statement year ended 31 March 2013

15. Cash and bank balances

	Non-current		Current	
	31 March 2013 ₹	31 March 2012 ₹	31 March 2013 ₹	31 March 2012 ₹
Cash and cash equivalents				
-Cash on hand	-	-	186,814	7,500
<i>Balances with banks:</i>				
- On current accounts	-	-	1,181,820,770	61,519,102
- Deposits with original maturity for less than 3 months			110,000,000	-
A	-	-	1,292,007,584	61,526,602
<i>Other bank balances</i>				
- Deposits with original maturity for more than 12 months	251,481,391	-	200,991,234	228,014,362
- Deposits with original maturity for more than 12 months under lien	203,075,000	-	675,043,147	268,175,000
- Deposits with original maturity for more than 3 months but less than 12 months	-	-	-	116,368,096
- Deposits with original maturity for more than 3 months but less than 12 months under lien	-	-	430,000,000	40,000,000
	454,556,391	-	1,306,034,381	649,557,458
B				
Amount disclosed under non-current asset (note 13.2)	454,556,391	-	-	-
C				
Total (A+B-C)	-	-	2,598,041,965	711,084,060

16. Revenue from operations

	2012-2013 ₹	2011-2012 ₹
Fees from advisory services	567,725,254	-
Income from services	1,939,936,512	1,429,598,280
Brokerage Income	1,077,010,666	135,892,862
Account opening fee-broking	25,800,478	28,683,409
Other operating income	588,218	-
Total	3,611,061,128	1,594,174,551



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

17. Other income

	2012-13 ₹	2011-2012 ₹
Dividend received on current investment	1,379	-
Profit on sale of current investment	7,415,7375	-
Interest income (fixed deposit with bank and debenture)	211,883,497	17,085,763
Reversal of liability no longer required	38,337,703	-
Other non operating income	1,440,048	296,297
Total	325,820,002	52,316,320

18. Employee benefit expenses

	2012-2013 ₹	2011-2012 ₹
Salaries, wages and bonus	2,360,993,618	1,313,259,928
Contribution to provident and other funds	97,404,648	64,154,236
Gratuity Expense	22,764,370	3,574,785
Staff welfare expenses	6,570,028	3,884,685
Total	2,487,732,664	1,384,873,634

19. Finance costs

	2012-2013 ₹	2011-2012 ₹
Interest other than on fixed loan	123,510,073	-
Bank guarantee commission	1,466,667	133,332
Total	124,976,740	133,332



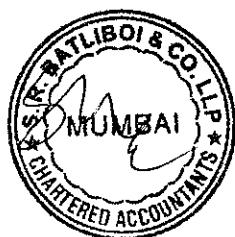
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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

20. Other expenses

	2012-2013	2011-2012
	₹	₹
Advertisement and sales promotion	40,541,513	21,787,869
Stamp duty	3,729,013	-
Trade confirmation charges	25,238,095	-
Brokerage paid	173,459,581	-
Stock exchange expenses	14,704,296	975,225
STT on devolved securities/dealing error	199,841	-
Loss on devolved securities/dealing error	534,603	3,642
Printing and Stationary	23,816,125	13,576,306
Impairment on investment in subsidiary	57,173,465	-
Electricity and water charges	22,175,956	10,733,793
Rent and society charges	137,449,702	67,986,533
Franking charges	15,436,468	32,254,649
Lease rental of computer server	26,740,345	21,574,014
Repairs and maintenance		
-Building	54,966	-
-Others	11,794,200	6,198,332
Insurance	2,666,031	316,134
Rates and taxes	10,660,034	1978791
Professional fees	20,828,345	6,010,432
Call centre cost	29,278,902	17,426,554
Information technology expenses	59,549,954	50,632,241
Telephone, fax and internet	40,202,346	18,814,961
Foreign exchange loss	136,604	-
Demerger expenses	6,322,1380	-
Travelling & conveyance expenses	46,675,029	10,026,355
Director's sitting fees	86,250	7,250
Auditors remuneration:		
-For Audit	2,650,000	1,650,000
-Out of pocket expense	28,486	10,450
-Other matters	450,000	-
Loss on sale of fixed assets	660,720	2,394,626
Donation	12,516,545	-
Miscellaneous expenses	93,299,866	33,430,088
Bad debts written – off	13,962,164	337,081
Total	949,920,825	318,125,326



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

21. Depreciation and amortization expense

	2012-2013	2011-2012
	₹	₹
Depreciation of tangible assets	28,870,327	14,009,059
Amortization of intangible assets	19,796,001	18,595,379
Total	48,666,328	32,604,438

22. 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 30 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 current year.

In view of the acquisition with effect from 1 April 2010, the figures for the current year are not comparable with corresponding figures of the previous year.

The following are the extract 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.

The details of net assets acquired are as follows:

Particulars	1 April 2012	1 April 2010
Assets		
Fixed Asset Net Block	36,399,137	52,989,043
Investments	1,792,474,333	1,584,893,316
Cash & Bank Balances	1,921,359,369	915,006,580
Other Deposits	74,746,318	69,289,349
Other Current Assets	2,062,932,236	4,467,249,069
Total assets	5,887,911,393	7,089,427,357



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

Liabilities

Current Liabilities	2,292,590,115	4,347,925,203
Total liabilities	2,292,590,115	4,347,925,203
Net assets	3,595,321,278	2,741,502,154

23. During the current year, the Company has executed a share purchase and a Shareholders Agreement on 8 February 2013 with Axis Bank Ltd. and transferred 5,750,000 equity shares of Rs. 10 each i.e. 100% of paid up equity share capital of Axis Finance Private Limited for a consideration of Rs. 90,40,00,000 as a result of which with effect from 12 February 2013, Axis Finance Limited is no longer a subsidiary of the Company.

24. Earnings per Share (EPS)

	2012-2013 ₹	2011-2012 ₹
Total operations for the year		
Profit/ (loss) after tax	284,842,200	(89,245,859)
Net profit/ (loss) for calculation of basic EPS	284,842,200	(89,245,859)
Net profit as above	284,842,200	(89,245,859)
Add : dividends on convertible preference shares & tax thereon	-	-
Add : interest on bonds convertible into equity shares (net of tax)	-	-
Net profit/ (loss) for calculation of diluted EPS	284,842,200	(89,245,859)
Continuing operations		
Profit/ (loss) after tax	281,114,073	-
Net profit/ (loss) for calculation of basic EPS	281,114,073	-
Net profit as above	281,114,073	-
Add : dividends on convertible preference shares & tax thereon	-	-
Add : interest on bonds convertible into equity shares (net of tax)	-	-
Net profit/ (loss) for calculation of diluted EPS	281,114,073	-



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

	No.	No.
Weighted average number of equity shares in calculating basic EPS	136,301,370	103,497,268
Effect of dilution:		
Convertible preference shares	-	-
Convertible bonds	-	-
Stock options granted under ESOP	-	-
Weighted average number of equity shares in calculating diluted EPS	136,301,370	103,497,268
Earnings per share for total operations	2.09	(0.86)
Earnings per share for continuing operations	2.06	-

Note: While computing basis 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.

25. Contingent Liabilities

	31 March 2013	31 March 2012
	₹	₹
(A) Claims against the Company not acknowledged as debts	2,830,750	-
(B) Claims against the Company not acknowledged as debts		
- For Income Tax*	378,880	-
- For Service Tax*	2,450,577	-
- For Property Tax*	6,306,470	-
Total	11,966,677	-

* 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.

26. Details of Foreign Currency Transactions

	2012-2013	2011-2012
	₹	₹
a) Expenditure in foreign currency : travelling and others	19,669,610	-
b) Other income (expense) includes profit(loss) on account of conversion of foreign currency	136,603	-
c) Income in foreign currency : professional fees	37,382,101	-



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

27. Segment information

Business segment	Principal activities			
Marketing of financial products and resource management (Sales)	Sales operation includes sourcing of financial products and provision for resource management to the Bank and Axis Asset Management Company Limited			
Retail broking	Online share broking and other related activities			
Capital market segment	Investment banking, Institutional broking and Investment solutions			
2012-13 (₹)				
	Continuing business	Discontinuing business		
	Capital market	Sales	Retail Broking	Total
Segment revenue	1,399,293,604	1,939,936,512	272,810,962	3,612,041,078
Gross income (external customers)	-	(1,429,598,280)	(164,576,271)	(1,594,174,551)
Other income	238,758,661	21,348,682	65,712,659	325,820,002
	-	(17,382,060)	(34,934,260)	(52,316,320)
Total income as per profit and loss account	1,638,052,265	1,961,285,194	338,523,621	3,937,861,080
	-	(1,446,980,340)	(19,95,10,531)	(1,646,490,871)
Operating expenses	1,138,527,337	1,739,765,778	547,988,098	3,426,281,213
	-	(1,292,469,110)	(441,599,920)	(1,734,069,030)
Unallocated expenses	-	-	-	185,995,300
	-	-	-	(1,667,700)
Operating profit/(loss)	499,525,928	221,519,416	-209,464,477	325,584,567
	-	(154,511,230)	(-242,089,391)	(-89,245,859)
Taxation	-	-	-	60,742,373
	-	-	-	-
Segment result	499,525,928	221,519,416	-209,464,477	264,842,194
	-	(154,511,230)	(-242,089,391)	(-89,245,859)
Segment assets	4,388,696,345	816,041,301	797,984,075	6,002,721,721
	-	(532,683,544)	(715,991,352)	(1,248,674,896)



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

	2012-13 (₹)			
	Continuing business	Discontinuing business		
Segment liabilities	3,255,105,216	178,373,865	226,175,378	3,659,654,459
	-	(145,997,028)	(155,250,430)	(301,247,458)
Net assets	1,133,591,128	637,667,436	571,808,696	2,343,067,262
	-	(386,686,516)	(560,740,922)	(947,427,438)
Fixed assets addition during the year	1,510,593	8,876,074	16,219,441	26,606,108
	-	(3,047,204)	(9,545,913)	(12,593,117)
Depreciation on fixed assets during the year	10,508,404	12,521,723	25,636,201	48,666,328
	-	(10,855,610)	(21,748,828)	(32,604,438)

Note: Previous year figures have been shown in brackets.

28. Related Party Disclosures

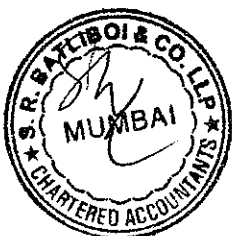
Names of related parties where control exists irrespective of whether transactions have occurred or not
 Holding Company Axis Bank Limited

Key Management Personnel Mr. Arun Thukral
 Mr. Modan Saha
 Mr. Manish Chokhani (Managing Director)
 Mr. Nilesh Shah

Subsidiary Axis Securities Limited ("ASL")
 Enam Securities Europe Limited ("ESEL")
 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 Private Limited ("AFPL")

Joint Venture of Holding Company Bussan Auto Finance India Private Limited ("BAFIPL")



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

Transactions with related parties

Particulars	Holding Company	Subsidiary Company	Fellow Subsidiary	Key Management Personnel	Total
Income					
Business sourcing fee income	1,127,103,850 (835,464,732)	-	-	-	1,127,103,850 (835,464,732)
Professional fee	102,396,667	-	-	-	102,396,667
Resource management fee	742,922,703 (528,647,468)	-	-	-	742,922,703 (528,647,468)
Resource management fee (AAMCL)	-	-	69,821,724 (56,440,504)	-	69,821,724 (56,440,504)
Brokerage Income	925,536	-	-	-	925,536
Brokerage Income (AAMCL)	-	-	129,177	-	129,177
Bank interest	90,787,663 (50,811,433)	-	-	-	90,787,663 (50,811,433)
Other reimbursement	15,230,958 (16,154,380)	-	-	-	15,230,958 (16,154,380)
Other reimbursement (ASL)	-	48,000	-	-	48,000
Other reimbursement (AAMCL)	-	-	5,162,908 (73,246)	-	5,162,908 (73,246)
Brokerage income (Mr. Modan Saha)	-	-	-	8,210 (6,826)	8,210 (6,826)
Brokerage income (Mr. Nilesh Shah)	-	-	-	571	571
Brokerage income (Mr. Arun Thukral)	-	-	-	42,599 (22,521)	42,599 (22,521)

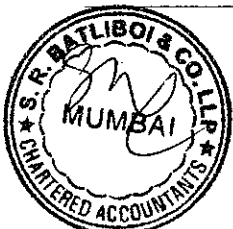


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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

Expenses					
Salaries (Mr. Arun Thukral)	-	-	-	8,960,616	8,960,616
	-	-	-	(7,319,206)	(7,319,206)
Salaries (Mr. Manish Chokhani)	-	-	-	5,861,745	5,861,745
	-	-	-	-	-
Salaries (Mr. Nilesh Shah)	-	-	-	3,266,062	3,266,062
	-	-	-	-	-
Salaries (Mr. Modan Saha)	-	-	-	8,929,200	8,929,200
	-	-	-	(6,725,266)	(6,725,266)
Reimbursement for operating expense	188,972,744	-	-	426,608	189,399,352
	(74,233,207)	-	-	(44,962)	(74,278,169)
	318,822	-	-	-	318,822
Interest expense	-	-	-	-	-
Bank charges	508,008	-	-	-	508,008
	-	-	-	-	-
Demat charges (ASL)	-	5,618	-	-	5,618
	-	-	-	-	-
Brokerage expense	7,187,209	-	-	-	7,187,209
	-	-	-	-	-
Other reimbursement	-	-	-	516,284	516,284
	-	-	-	(165,547)	(165,547)
Nominee director sitting Fees	6,250	-	-	-	6,250
	(7,250)	-	-	-	(7,250)
Other Transactions					
Sale of Investment	904,000,000	-	-	-	904,000,000
	-	-	-	-	-
Sale of Fixed Assets (wdv)	6,199,945	-	-	-	6,199,945
	(376,405)	-	-	-	(376,405)
	2,741,502,154	-	-	-	2,741,502,154
Purchase consideration for acquisition of business	-	-	-	-	-
Security deposits refunded	-	-	-	-	-



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

Share capital issued	250,000,000	-	-	-	250,000,000
	(400,000,000)	-	-	-	(400,000,000)
Bank Guarantee	-	-	-	-	-
	(160,000,000)	-	-	-	(160,000,000)
Balances outstanding as at the year end					
Fixed deposit (including interest accrued)	1,592,808,967	-	-	-	1,592,808,967
	(678,823,856)	-	-	-	(678,823,856)
Share Capital	1,450,000,000	-	-	-	1,450,000,000
	1,200,000,000	-	-	-	1,200,000,000
Current account	1,144,684,050	-	-	-	1,144,684,050
	(61,519,102)	-	-	-	(61,519,102)
Other payables	27,868,126	-	-	-	27,868,126
	(21,749,129)	-	-	-	(21,749,129)
Accounts receivable (for services rendered)	260,823,820	-	-	-	260,823,820
	(225,314,763)	-	-	-	(225,314,763)
Accounts receivable (for services rendered) (ASL)	-	48,000	-	-	48,000
	-	-	-	-	-
Accounts receivable (for services rendered) (AAMCL)	-	-	7,381,620	-	7,381,620
	-	-	(1,669,539)	-	(1,669,539)

* Figures in bracket pertain to previous year

1. There are no transactions with joint venture of holding company during the year.
2. 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.



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

29. 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	
	2012-13 (₹)	2011-12 (₹)
Minimum lease payments :		
Not later than one year	143,432,827	73,140,910
Later than one year but not later than five years	338,530,180	156,652,612
Later than five years	151,005,401	15,168,320
Lease payment for the year	137,449,702	67,986,533

30. 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)

	2012-13 (₹)	2011-12 (₹)
Current service cost	10,318,772	1,289,237
Interest cost on benefit obligation	5,044,573	351,584
Expected return on plan assets	(3,527,686)	(153,734)
Net actuarial (gain)/ loss recognised in the year	10,928,711	2,087,698
Past service cost	-	-
Net benefit expense	22,764,370	3,574,785
Actual return on plan assets	3,143,987	133,105



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

Balance sheet

Details of provision for gratuity

	2012-13 (₹)	2011-12 (₹)
Defined benefit obligation	79,799,394	7,684,303
Fair value of plan assets	(53,032,419)	(2,941,055)
	26,766,975	4,743,248
Less: Unrecognised past service cost	-	-
Plan liability	26,766,975	4,743,248

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

	2012-13 (₹)	2011-12 (₹)
Opening defined benefit obligation	57,441,533	4,034,685
Interest cost	5,044,573	351,584
Current service cost	10,318,772	1,289,237
Liability transferred in	3,923,305	-
Benefits paid	(7,473,801)	(58,272)
Actuarial (gains)/losses on obligation	10,545,012	2,067,069
Closing defined benefit obligation	79,799,394	7,684,303

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

	2012-13 (₹)	2011-12 (₹)
Opening fair value of plan assets	41,765,082	1,866,222
Expected return	3,527,686	153,734
Contributions by employer	11,673,846	1,000,000
Benefits paid	(7,473,801)	(58,272)
Assets transferred	3,923,305	-
Actuarial gains/(losses)	(383,699)	(20,629)
Closing fair value of plan assets	53,032,419	2,941,055



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

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

	Gratuity	
	31 March 2013	31 March 2012
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	
	2012-13	2011-12	2012-13	2011-12
	%	%	%	%
Discount rate	7.8	9.20	7.8	9.20
Expected rate of return on assets	7.5	7.50	7.5	7.50
Employee turnover	21-44 years*	70	60	70
(*Sales and retail broking)	45-59 years*	1	1	1
Employee turnover(Capital market)		7	-	7
Salary escalation rate		6	6	6

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

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

	2012-13	2011-12	2010-11	2009-10	2008-09
	(₹)	(₹)	(₹)	(₹)	(₹)
Defined benefit obligation	79,799,394	7,684,303	4,034,685	3,309,372	1,193,415
Plan assets	53,032,419	2,941,055	1,866,222	1,074,612	845,851
Surplus / (deficit)	(26,766,975)	(4,743,248)	(2,168,463)	(2,234,760)	(347,564)
Experience adjustments on plan liabilities	2,064,652	2,305,902	1,478,374	1,188,759	(768,844)
Experience adjustments on plan assets	101,600	(20,629)	(59,744)	(36,932)	(1,610)



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AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

31. 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 2013 and 31 March 2012 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.

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

	31 March 2013 (₹)	31 March 2012 (₹)
Deferred tax Assets comprise timing difference on account of :		
-Depreciation	(6,663,456)	-
-Provision for doubtful debts	9,480,034	-
-Expense disallowed	25,611,402	-
Total	28,427,980	-

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

	31 March 2013 (₹)	31 March 2012 (₹)
Commitment for addition/acquisition of broking software (TCS)	10,477,500	7,650,000
Commitments for broking & Lease Management Software	-	385,291
Commitments for leasehold improvements	18,079,000	836,000
Commitment for networking, office equipments etc.	25,022,579	-
Total	53,579,079	8,871,291

34. 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



AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

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 2013, the carrying amount of assets of the loan sourcing & retail broking division was Rs. 1,605 million (31 March 2012: Rs. 1,249 million) and its liabilities were Rs. 405 million (31 March 2012: Rs. 301 million), including the provision for expected termination cost.

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

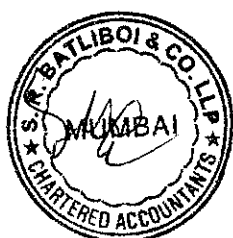
	2012-2013 (₹)	31-Mar-12 (₹)
Revenue	2,299,808,815	1,646,490,871
Expenses	(2,248,135,529)	(1,702,998,960)
Profit / (Loss) from Operating Activities	51,673,286	(56,508,089)
Finance Costs	(1,466,667)	(133,332)
Depreciation and amortization expense	(38,157,924)	(32,604,438)
Profit / (Loss) before Tax	12,048,695	(89,245,859)
Income Tax Expense		
Current tax	(9,599,275)	-
Deferred tax	992,868	-
Profit / (Loss) after Tax	3,442,288	(89,245,859)

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

	31 March 13 (₹)	31 March 12 (₹)
Total Asset	1,605,418,969	1,248,674,896
Total Liabilities	404,549,243	301,247,458
Net	1,200,869,726	947,427,438

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

	31 March 13 (₹)	31 March 12 (₹)
Operating Activities	(358,270,365)	(119,764,429)
Investing Activities	141,100,512	(259,611,117)
Financing Activities	250,000,000	400,000,000
Net Cash inflow / (outflow)	32,830,147	20,624,454



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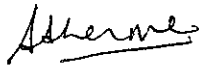
AXIS CAPITAL LIMITED (FORMERLY AXIS SECURITIES AND SALES LIMITED)

Notes to Financial Statement year ended 31 March 2013

The above figures are based on the current arrangement of the business discontinuance and its exact status shall be ascertained at the time of actual execution of the arrangement. Accordingly, the above figures may undergo change.

35. During the year Company has been sanctioned with bank guarantee from Axis Bank for ₹ 1,250,000,000 (Previous year: ₹ 250,000,000) of which ₹ Nil (Previous year: ₹ 160,000,000) has been utilized as at 31 March 2013.
36. During the year, the holding company issued 33,000 (Previous year: 40,500) 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.
37. **Previous year comparatives**
Previous year figures have been regrouped where necessary to conform to this year's classification.

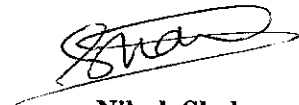
For and on behalf of the Board of Directors



Shikha Sharma
Chairperson



Manish Chokhani
Managing Director



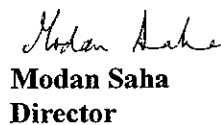
Nilesh Shah
Director

Place: Mumbai

Date: 13 April 2013



Arun Thukral
Director



Modan Saha
Director



M. Natarajan
Company Secretary

