

## Axis Capital Limited

### DIRECTORS' REPORT

DEAR MEMBERS,

The Directors are pleased to present the Tenth Annual Report on the business and operations of the Company along with the Audited Financial Statements for the Financial Year ended 31<sup>st</sup> March, 2016.

#### FINANCIAL PERFORMANCE:

During the year, the Company achieved a total income of Rs.354 crores.

The Financial Results of the Company for the year ended 31<sup>st</sup> March 2016 are given below:

(Figures in Rs. Crores)

| Particulars   | 2015-2016     | 2014-2015     |
|---|---------------|---------------|
|   | Amount in Rs. | Amount in Rs. |
| Operating Income(A)   | 309.4         | 288.7         |
| Interest Income on Fixed Deposits and Miscellaneous Income (B)                    | 43.2          | 26.3          |
| <b>Total Income (A)+(B)</b>   | <b>352.6</b>  | <b>315.0</b>  |
| Operating Expenses  | 162.7         | 154.9         |
| <b>Profit/(Loss) before Depreciation, provisions for tax &amp; Write Back/Off</b> | <b>189.9</b>  | <b>160.0</b>  |
| Depreciation  | 0.3           | 0.5           |
| Less : -Short /Excess Provision of earlier years Written off / Written Back       | -1.5          | -4.3          |



## Axis Capital Limited

| Particulars                               | 2015-2016     | 2014-2015     |
|---|---------------|---------------|
|   | Amount in Rs. | Amount in Rs. |
| Provisions for Tax                        | 63.5          | 55.9          |
| <b>Profit / (Loss) After Tax</b>          | 127.6         | 107.9         |
| <b>Balance carried to Balance Sheet *</b> | 127.6         | 107.9         |

### BUSINESS OVERVIEW AND REVIEW OF OPERATIONS

#### OPERATIONS

Your Company is presently engaged in three lines of business namely Investment Banking, Institutional Equities, and Investment Solutions.

#### *Investment Banking*

- Axis Capital Investment Banking division posted yet another impressive year by completing 74 transactions across Advisory, Buybacks, Blocks, Delisting, IPOs, M&A, QIP, Rights Offerings and Structured financing, aggregating to about Rs.83,000 crores. We closed 7 of the 9 largest IPOs during the year, maintaining #1 position in domestic ECM market with a market share at 12.4%, around 50% higher than the closest competitor.
- During the year, we closed four PE transactions - one was a strategic sale by Financial Technologies of their holdings in Indian Energy Exchange, another was a buy-out of a home finance company by Financial Sponsor (all formalities complete, including documentation). With the aforementioned deals, we have established ourselves as a strong player in the market for buy-out deals.



## Axis Capital Limited

- During the year, the structured finance team expanded its reach to new clients and investors across geographies. We acted as arrangers for transactions worth more than INR 1500 crores devising innovative solutions for clients. We intend to further build our capabilities in the coming year.
- The M&A and Advisory practice also had a good year with some marquee deals, such as Birla Corp acquisition of Reliance Cement. This business is also seeing repeat clients (Cox and Kings, availed our advisory for an acquisition as well as a divestment transaction) which goes to show the trust clients place in us to advise them across different transactions.

### *Institutional Broking*

FY16 has been a tough year for Institutional Equities. Despite our market share (excluding DMA) improving by almost 31% over the previous year, our gross revenues were down 19%. The year saw a significant outflow by FIIs from Indian Equities (as with most EMs as a group), primarily led by ETFs, a class that we do not service, and hence these volumes are not accessible to us. While domestic institutions led by MFs saw decent inflows, yields from domestic institution are considerably lower, hence impacting our net commissions. An overall reduction in yields of FII and corporate business impacted us yet further.

On the positive side, we have added 10 new institutional accounts this year. We did our single largest block trade, worth Rs.4,165 cr, this year and we continue making further inroads into marquee FII accounts.



## Axis Capital Limited

### *Investment Solutions*

Investment solution business faced a challenging environment due to the regulatory and taxation changes. Our year end AUM grew by 14% over previous year; however the average AUM for FY 2015-16 shrunk by 7%. We maintained a position in top five institutional distributors of mutual funds in India with an average AUM of Rs.11,150 for FY 2015-16 and year end AUM of 12,746 cr.

### **DIVIDEND**

For the financial year 2015-16, the Board of Directors recommends a Dividend at the rate of Rs.7/- (previous year Rs.7/-) per equity share of Rs. 10 each, absorbing a sum of Rs.51,45,00,000/- (previous year Rs.51,45,00,000) towards dividend amount and Rs.10,47,40,094/-(previous year Rs.10,47,00,000/-) towards Dividend Distribution Tax. The Dividend, if approved by the Members at the Annual General Meeting, shall be the final dividend for the financial year 2015-16.

### **REPORT ON PERFORMANCE OF SUBSIDIARIES/ ASSOCIATES/ JOINT VENTURES:**

Axis Securities Europe Limited, subsidiary of your Company has been made a direct subsidiary of Axis Bank Limited in compliance with the RBI approval for the de-merger of Financial Services business of Enam. The shares of the said Company were sold at the Book Value and your Company has made a profit of Rs.10.41 crores on account of this sale of shares to Axis Bank Limited. As on March 31, 2016 said Company ceases to be a subsidiary of your Company and hence no financial statement is required to be attached.



## **Axis Capital Limited**

Further, as on March 31, 2016 your company does not have any Associate or Joint Venture Company.

### **MATERIAL CHANGE AND COMMITMENT**

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

### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return as provided under sub-section (3) of Section – 92 of the Companies Act, 2013 in Form - MGT 9 is enclosed herewith as Annexure A.

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

In terms of the information required under Section – 134 of the Companies Act, 2013 and Clause – 8 of the Companies (Accounts) Rules, 2014 it is to be noted that there is no significant and material order passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

SEBI had initiated Adjudication proceedings against Electro Steel Limited, Electro Casting Limited and the Book Running Lead Managers in respect of an Initial Public Officering by Electro Steel Limited for failure to disclose certain material information



## **Axis Capital Limited**

pertaining to Electro Casting Limited, a listed entity and parent of Electro Steel Limited. SEBI has penalized the BRLMs jointly a sum of Rs. 1crore vide its order dated March 31, 2016. Your company is examining the order and will take appropriate steps that may be required in this regard.

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

The Company has adopted a robust risk management framework and the same is subject to periodic review by the Risk Management Committee of the Board, Group Level and at the Board of Directors level.

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

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

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

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



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The Company has also in place a Whistleblower Policy ('the Policy') which aims to set up a mechanism that enables employees to report about actual or potential illegal and/or unacceptable practices. The policy is designed to enable employees, to raise concerns to Whistleblower Committee, without revealing his/her identity, if he/she chooses to do so and to disclose information which the individual believes, shows malpractice or wrongdoing which could affect the business or reputation of the Company.

The Policy is to provide framework for an effective vigil mechanism and to provide protection to employees or directors reporting genuine concerns. Employees of the Company are encouraged to use guidance provided in the Policy for reporting all allegations of suspected improper activities.

### **DIRECTORS**

During the year under review, the Company has not appointed any new Directors; All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

During the year under review, Mr.Jagdish Master (DIN: 00202500), Independent Director submitted his resignation from the Board of Directors of the Company with effect from February 22, 2016. The Directors place on record their warm appreciation for valuable contributions made by Mr.Jagdish Master in building Axis Capital franchise. Ms.Shikha Sharma (DIN 00043265), Director will retire by rotation at the ensuing Annual General Meeting of the Company. She being eligible, have offered herself for re-appointment.

Mr. Manish Chokhani (DIN 00204011), Non-Executive Director, who complied with the criteria of an Independent Director and who had given his consent to act as an Independent



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Director was appointed as an Independent Director for a period of 5 Years w.e.f 30.03.2016, subject to approval of Members. The Company has received intimation from a Member along with requisite deposit proposing appointment of Mr. Manish Chokhani as Independent Director. Necessary resolution is being put before the members at the ensuing Annual General Meeting.

### PARTICULARS OF MEETINGS

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

| Sr. No. | Type of Meeting   | Number of meetings |
|---------|---|--------------------|
| 1.      | Board Meeting   | 5                  |
| 2.      | Audit Committee Meeting                                     | 4                  |
| 3.      | Nomination & Remuneration Committee Meeting                 | 1                  |
| 4.      | Corporate Social Responsibility Committee Meeting           | 1                  |
| 5.      | Risk Management Committee Meeting                           | 2                  |
| 6.      | General Meeting (including Extra- Ordinary General Meeting) | 1                  |
| 7.      | Meeting of Independent Directors                            | 1                  |

The intervening gap between the Board Meetings was within the period prescribed under the Companies Act, 2013. Except for Mr. Bahram Vakil who was granted leave of absence by the Board of Directors of the Company for one Board Meeting, all the Directors were present for all meetings.

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





## **Axis Capital Limited**

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board had adopted a formal mechanism for evaluating the performance of its Committees, Independent Directors, Non Independent Directors and the Chairman of the Board. The evaluation was conducted on the various aspects of the Board's functioning such as Strategic alignment and direction, Engagement alignment, Composition & structure, Dynamics & culture, Ethics & corporate citizenship, Board support, Audit Committee of the Board, Risk Management Committee, Nomination & Remuneration Committee and Self evaluation and attendance.

The Board of Directors were satisfied with the evaluation results, which reflected the overall engagement and effectiveness of the Board and of its Committees.

### **STATEMENT OF DECLARATION BY INDEPENDENT DIRECTORS UNDER SECTION – 149 (6)**

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

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

During the year under review, Mr. Dharmesh Mehta (DIN 06734366), Whole Time Director of the Company was appointed as Managing Director & CEO with effect from 13.08.2015 for remaining period of his tenure i.e. up to 14.11.2016. Mr. Jagdish Master (DIN: 00202500), Independent Director resigned w.e.f. 22.02.2016. Mr. Manish Chokhani (DIN: 00204011), the existing Director, who satisfied the requirements of being appointed as Independent Director was on recommendation of Nomination &



## Axis Capital Limited

Remuneration Committee was appointed as Independent Director for a period of 5 years w.e.f 30.03.2016, subject to approval of the Members.

### COMMITTEES

#### i. AUDIT COMMITTEE

The Audit Committee was reconstituted due to resignation of Mr. Jagdish Master. Currently it consists of three Directors namely Mr. Samir Barua, Mr. Manish Chokhani and Mr. Dharmesh Mehta. The composition of the Audit Committee is in conformity with the provisions of the said section.

#### ii. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was reconstituted due to resignation of Mr. Jagdish Master. Currently it consists of Mr. Manish Chokhani, Mr. Sameer Barua, Mr. BahramVakil and Mr. Srinivasan Varadarajan.

#### iii. RISK MANAGEMENT COMMITTEE

The Risk Management Committee consists of Mr. Samir Barua, Mr. Srinivasan Varadarajan and Mr. Dharmesh Mehta.

#### iv. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee consists of Mr. BahramVakil, Mr. Srinivasan Varadarajan and Mr. Dharmesh Mehta.



## **Axis Capital Limited**

### **SHARE CAPITAL:**

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

### **PUBLIC DEPOSITS**

During the year under review, the Company has not accepted any deposit pursuant to Section 73 and section 76 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.

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

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

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

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

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



## **Axis Capital Limited**

the Company as it has not made any loans, guarantees and investments covered under section 186 of the Act.

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

Information as per Section 134(3)(h) of the Companies Act, 2013 relating to the particulars of contracts, or arrangements with related parties under Sub – Section (1) of Section 188 is annexed as Annexure B to this report in terms of the requirements. All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

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

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

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



## **Axis Capital Limited**

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

### **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

As part of its initiatives under "Corporate Social Responsibility" (CSR), the Company has undertaken projects in the areas of Education, Livelihood, Health, Water and Sanitation. These projects are in accordance with Schedule VII of the Companies Act, 2013. The details whereof are attached as Annexure C and forms part of this Report.

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

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



## **Axis Capital Limited**

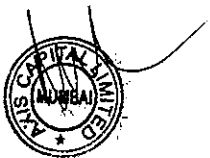
### **DIRECTORS RESPONSIBILITIES STATEMENT**

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

- i. The applicable accounting standards have been followed in the preparation of the annual accounts and proper explanations have been furnished, relating to material departures.
- ii. Accounting policies have been selected, and applied consistently and reasonably, and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company and of the profit of the Company for the year ended 31<sup>st</sup> March 2016.
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013

for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- iv. The annual accounts of the Company have been prepared on a going concern basis.
- v. Proper system has been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.



## Axis Capital Limited

### COMPLIANCES

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

### AUDITORS

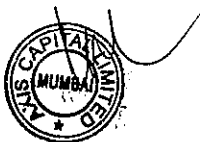
#### i. STATUTORY AUDITORS

M/s S.R. Batliboi & Co. LLP, Chartered Accountants, Mumbai, (FRN 301003E), Statutory Auditors of the Company, were appointed at the Eighth Annual General Meeting to hold office upto Eleventh Annual General Meeting. However, pursuant to Section 139 of the Companies Act, 2013, such appointment is subject to ratification by members at every subsequent General Meeting. Further, Company had received letter from the said Auditor intimating their eligibility and willingness to act as Auditor, if ratified by the members at the forthcoming Annual General Meeting.

Your directors recommend their ratification to continue their appointment.

#### ii. SECRETARIAL AUDITOR

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



## **Axis Capital Limited**

undertake the Secretarial Audit of the Company for the financial year under review. The Report of the Secretarial Audit Report is annexed herewith as “Annexure D”.

### **iii. INTERNAL AUDITOR**

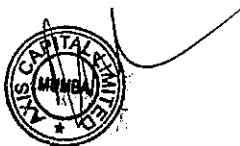
Pursuant to the provisions of Section 138 of the Companies Act, 2013 and the Companies (Accounts) Rules, 2014, the Company has appointed M/s. S.K.Kamdar, Chartered Accountants, (FRN: 104674W) to undertake the Internal Audit of the Company for the financial year under review.

### **AUDITORS' REPORT:**

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

### **SECRETARIAL AUDIT REPORT:**

As regards observations in the Secretarial Audit Report (Annexure ‘B’ hereto) on payment of stamp duty in Goa is concerned, currently, there is no provision in the Government system to accept stamp duty on the securities transaction. The matter is being actively discussed with the Goa Government. As and when the issue is clarified, the same will be paid immediately. As regards the observation w.r.t SEBI Adjudication Order levying Penalty of Rs.1.00 Crore on the company is concerned, the Board shall prefer an Appeal against the same.





## Axis Capital Limited

### CORPORATE GOVERNANCE

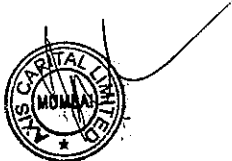
The Company's policy on Corporate Governance has been:

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

### FUTURE OUTLOOK

In the Investment Banking business, we start the new fiscal year with an impressive pipeline – we have more than 21 live ECM mandates, 10 PE mandates, 12 M&A and Advisory mandates and 2 Structured Finance mandates. We therefore hope to significantly better our FY16 performance this year.

Global markets returned to stability in March-April, after having sold off at the start of the year. The stability has boded well for Indian equities, which rose from lows, and has also brought about a rebound in India assets from actively managed portfolio investors. The improved environment, along with continued deepening of relationships with





## Axis Capital Limited

marquee institutional investors should help us further improve market share and revenues in the coming fiscal, markets permitting.

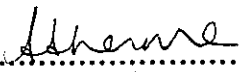
Investment Solution business on account of the Regulatory changes and investors preference to direct plans is seeing tremendous challenges in its business model. Your Company would explore various including options to combine and integrate the teams to enhance the product offerings to its client base and create a value proposition

### ACKNOWLEDGEMENT

Your Directors would like to express their gratitude for the guidance and co-operation received from Axis Bank. They would also like to place on record their gratitude to their esteemed clients, Bankers, Auditors, Central, State and Local Government Departments and Bodies for their continued support and co-operation.

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

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

  
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**CHAIRMAN/ CHAIRPERSON**

**Place: Mumbai**

**Date: APRIL 12, 2016**



**AXIS CAPITAL LIMITED**

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on March 31, 2016

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

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN: - U51900MH2005PLC157853
- ii) Registration Date- 28/09/2012
- iii) Name of the Company: AXIS CAPITAL LIMITED
- iv) CATEGORY OF THE COMPANY: - [PL. TICK]
  - (1) Public Company-
  - (2) Private company-

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

- 1) Government Company-
- 2) Small Company-
- 3) One Person Company-
- 4) Subsidiary of Foreign Company-
- 5) NBFC-
- 6) Guarantee Company-
- 7) Limited by shares -
- 8) Unlimited Company-
- 9) Company having share capital-
- 10) Company not having share capital-
- 11) Company Registered under Section 8-

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

|                       |   |
|-----------------------|---|
| Address :             | Axis House, 8 <sup>th</sup> Floor                         |
| Town / City :         | Wadia International Centre, Pandurang Budhkar Marg, Worli |
| District :            | Mumbai  |
| State :               | Maharashtra   |
| Telephone :(With STD) | +9122 4325 2104   |

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**Axis Capital Limited (Erstwhile "Axis Securities and Sales Limited")**

SEBI Merchant Banker Regn No.:MB/INM000012029 Member Of: BSE Ltd. & National Stock Exchange of India Ltd., Mumbai.  
CIN No. U51900MH2005PLC157853

Regd. Office: Axis House, 8th Floor, Wadia International Centre, P. B. Marg, Worli, Mumbai – 400 025 &  
Corp. Office: Axis House, C-2, Wadia International Centre, P.B. Marg, Worli, Mumbai – 400 025.  
Tel.: (022) 4325 1199, Fax No. (022) 4325 3000, Website: www.axiscapital.co.in

|                   |  |
|-------------------|--|
| Area Code Number) |  |
| Pin Code          | 400025   |
| Fax Number :      | +9122 4325 2104  |
| Email Address :   | <a href="mailto:Natarajan.mahadevan@axiscap.in">Natarajan.mahadevan@axiscap.in</a> |
| Website (if any)  | <a href="http://www.axiscap.in">www.axiscap.in</a>                                 |

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

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

Name of Registrar & Transfer Agents:

|  |  |
|--|--|
| Address :                              | Karvy Computershare Pvt Limited                                    |
| Town / City :                          | 17-24 VithalRao Nagar Madhapur                                     |
| District :                             | Hyderabad  |
| State :                                | Telangana  |
| Telephone :(With STD Area Code Number) | +9104044655265   |
| Pin Code                               | 500081   |
| Fax Number :                           | +9144655265  |
| Email Address :                        | <a href="mailto:Ramchandra.v@karvy.com">Ramchandra.v@karvy.com</a> |

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

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

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1       | Merchant Banking and Stock Broking               |                                  | 95%                                |
| 2       | Mutual Fund advisory and treasury                |                                  | 5%                                 |

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

| S. No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable section |
|--------|---------------------------------|---------|--------------------------------|------------------|--------------------|
| 1      | Axis Bank Limited               |         | Holding Company                | 100%             | Sec. 2(87)         |



\*Including 60 shares (0.00008%) held by individuals as Nominee of Axis Bank Limited.  
(Beneficial ownership is with Axis Bank Limited.)

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

##### i) Category-wise Share Holding

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



|   |           |     |           |      |           |     |           |      |     |
|---|-----------|-----|-----------|------|-----------|-----|-----------|------|-----|
| (2) Foreign   |           |     |           |      |           |     |           |      |     |
| a) NRIs -<br>Individuals  |           |     |           |      |           |     |           |      |     |
| b) Other -<br>Individuals   |           |     |           |      |           |     |           |      |     |
| c) Bodies Corp.   | *73500000 | Nil | *73500000 | 100% | *73500000 | Nil | *73500000 | 100% | NIL |
| d) Banks / FI   |           |     |           |      |           |     |           |      |     |
| e) Any Other....  |           |     |           |      |           |     |           |      |     |
| <b>Sub-total (A) (2):-</b>  |           |     |           |      |           |     |           |      |     |
| <b>Total<br/>shareholding of<br/>Promoter (A) =<br/>(A)(1)+(A)(2)</b> |           |     |           |      |           |     |           |      |     |
| <b>B. Public<br/>Shareholding</b>                                     |           |     |           |      |           |     |           |      |     |
| <b>1. Institutions</b>  |           |     |           |      |           |     |           |      |     |
| a) Mutual Funds   |           |     |           |      |           |     |           |      |     |
| b) Banks / FI   |           |     |           |      |           |     |           |      |     |
| c) Central Govt   |           |     |           |      |           |     |           |      |     |
| d) State Govt(s)  |           |     |           |      |           |     |           |      |     |
| e) Venture<br>Capital Funds   |           |     |           |      |           |     |           |      |     |
| f) Insurance<br>Companies   |           |     |           |      |           |     |           |      |     |
| g) FIIs   |           |     |           |      |           |     |           |      |     |
| h) Foreign<br>Venture Capital   |           |     |           |      |           |     |           |      |     |



|  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|
| Funds  |  |  |  |  |  |  |  |  |  |
| i) Others (specify)  |  |  |  |  |  |  |  |  |  |
| Sub-total (B)(1):-   |  |  |  |  |  |  |  |  |  |
| <b>2. Non-Institutions</b>   |  |  |  |  |  |  |  |  |  |
| a) Bodies Corp.  |  |  |  |  |  |  |  |  |  |
| i) Indian  |  |  |  |  |  |  |  |  |  |
| ii) Overseas   |  |  |  |  |  |  |  |  |  |
| b) Individuals   |  |  |  |  |  |  |  |  |  |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh         |  |  |  |  |  |  |  |  |  |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh |  |  |  |  |  |  |  |  |  |
| c) Others (specify)  |  |  |  |  |  |  |  |  |  |
| Sub-total (B)(2):-   |  |  |  |  |  |  |  |  |  |
| Total Public Shareholding (B)=(B)(1)+  |  |  |  |  |  |  |  |  |  |



|   |                  |  |  |  |      |  |  |  |  |
|---|------------------|--|--|--|------|--|--|--|--|
| (B)(2)                                      |                  |  |  |  |      |  |  |  |  |
| C. Shares held by Custodian for GDRs & ADRs |                  |  |  |  |      |  |  |  |  |
| Grand Total (A+B+C)                         | *73500000 shares |  |  |  | 100% |  |  |  |  |

\*Including 60 shares (0.00008%) held by individuals as Nominee of Axis Bank Limited (Beneficial ownership of which is with Axis Bank Limited.)

ii) Shareholding of Promoters

| SI No | Shareholder's Name | Shareholding at the beginning of the year |                                  |  | Share holding at the end of the year |                                  |  | % change in share holding during the year |
|-------|--------------------|---|----------------------------------|--|--------------------------------------|----------------------------------|--|---|
|       |                    | No. of Shares                             | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares                        | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |   |
| 1     | Axis Bank Limited  | *73500000                                 | 100%                             | Nil  | *73500000                            | 100%                             | Nil  | Nil                                       |
|       | <b>Total</b>       |   |                                  |  |                                      |                                  |  |   |

\*Including 60 shares (0.00008%) held by individuals as Nominee of Axis Bank Limited (Beneficial ownership of which is with Axis Bank Limited.)

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

| Sl. No. | Particulars | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|-------------|---|----------------------------------|---|----------------------------------|
|         |             | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
|         |             |   |                                  |   |                                  |





|  |  |          |      |          |      |
|--|--|----------|------|----------|------|
|  | At the beginning of the year   | 73500000 | 100% | 73500000 | 100% |
|  | Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. / bonus/ sweat equity etc) | -        |      | -        |      |
|  | At the End of the year   | 73500000 | 100% | 73500000 | 100% |

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

v) Shareholding of Directors and Key Managerial Personnel:

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

## V. INDEBTEDNESS

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

|   | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | Nil                              | Nil             | Nil      | Nil                |
| i) Principal Amount                                 |                                  |                 |          |                    |
| ii) Interest due but not paid                       |                                  |                 |          |                    |
| iii) Interest accrued but not due                   |                                  |                 |          |                    |
| <b>Total (i+ii+iii)</b>                             |                                  |                 |          |                    |



|  |     |     |     |     |
|--|-----|-----|-----|-----|
| Change in Indebtedness during the financial year<br>Addition<br>Reduction  |     |     |     |     |
| Net Change   |     |     |     |     |
| Indebtedness at the end of the financial year<br>i) Principal Amount<br>ii) Interest due but not paid<br>iii) Interest accrued but not due | Nil | Nil | Nil | Nil |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| Sl.No. | Particulars of Remuneration   | Name of MD                                | Whole Time Director | Total Amount (Rs. In Lacs) |
|--------|---|---|---------------------|----------------------------|
|        |   | Dharmesh Mehta                            |                     |                            |
| 1      | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | * 533.00                                  |                     |                            |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961   |   |                     |                            |
|        | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961                              |   |                     |                            |
| 2      | Stock Option  |   |                     |                            |
| 3      | Sweat Equity  |   |                     |                            |
| 4      | Commission as % of profit   |   |                     |                            |
| 5      | Others, please specify<br>Variable Incentives   | Included in 1 above - part of 17(1) above |                     |                            |
|        | Total (A)   | 533.00                                    |                     |                            |
|        | Ceiling as per the Act<br>*10% of the net profit calculated as per Section 198                      | 2.87%                                     |                     |                            |
|        |   |   |                     |                            |



**B. Remuneration to other directors:**

| Sl. no. | Particulars of Remuneration   | Name of Directors  | Total Amount             |
|---------|---|--|--------------------------|
|         | 1. Independent Directors  | Prof. Samir Barua<br>Mr. Jagdish Master (Resigned w.e.f 22.02.2016)<br>Mr. Bahram Vakil<br>Mr. Manish Chokhani | 4.5<br>2.0<br>4.0<br>2.0 |
|         | <input type="checkbox"/> Fee for attending board / committee meetings |  |                          |
|         | <input type="checkbox"/> Commission                                   |  |                          |
|         | <input type="checkbox"/> Others, please specify                       |  |                          |
|         | <b>Total (1)</b>  |  | <b>12.5</b>              |
|         | 2. Other Non-Executive Directors                                      | Nil  | Nil                      |
|         | <input type="checkbox"/> Fee for attending board /                    |  |                          |

**C. Remuneration to key managerial personnel other than md/manager/wtd**

| Sl.no. | Particulars of Remuneration   | Key Managerial Personnel                 |                       |                     |
|--------|---|--|-----------------------|---------------------|
|        |   | Company Secretary<br>Mahadevan Natarajan | CFO<br>Bhavesh Rupani | Total (Rs. In Lacs) |
| 1      | * Gross salary  | * 155.83                                 | * 81.45               | 237.28              |
|        | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 |  |                       |                     |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             |  |                       |                     |
|        | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              |  |                       |                     |
| 2      | Stock Option  |  |                       |                     |



|   |                           |        |       |        |
|---|---------------------------|--------|-------|--------|
| 3 | Sweat Equity              |        |       |        |
| 4 | Commission as % of profit |        |       |        |
| 5 | Others                    |        |       |        |
|   | Total                     | 155.83 | 81.45 | 237.28 |

- Payment basis

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES (Under the Companies Act): NONE



**ANNEXURE II**
**Form No. AOC-2**

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

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

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

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

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

|   |   |  |
|---|---|--|
| (a) Name(s) of the related party and nature of relationship | : | Axis Finance Ltd<br>(Associate Company)<br>Axis Asset<br>Management<br>Company Limited<br>(Associate Company)<br>Axis Bank Limited<br>(Holding Company)<br>Axis Securities |
|---|---|--|


**Axis Capital Limited (Erstwhile "Axis Securities and Sales Limited")**

SEBI Merchant Banker Regn No.:MB/INM000012029 Member Of: BSE Ltd. & National Stock Exchange of India Ltd., Mumbai.  
CIN No. U51900MH2005PLC157853

Regd. Office: Axis House, 8th Floor, Wadia International Centre, P. B. Marg, Worli, Mumbai - 400 025 &  
Corp. Office: Axis House, C-2, Wadia International Centre, P.B. Marg, Worli, Mumbai - 400 025.

Tel.: (022) 4325 1199, Fax No. (022) 4325 3000, Website: www.axiscapital.co.in

|  |   |  |
|--|---|--|
|  |   | Limited (Associate Company)<br>Axis Trustee Services Limited ( Associate Company)  |
| (b) Nature of contracts/ arrangements/ transactions  | : | <ol style="list-style-type: none"> <li>1. Availing and Rendering of Services</li> <li>2. Availing and Rendering of Services</li> <li>3. Availing and Rendering of Services</li> <li>4. Availing and Rendering of Services</li> <li>5. Professional Services</li> </ol> |
| (c) Duration of the contracts / arrangements/transactions                                      | : | <ol style="list-style-type: none"> <li>1. Continuous</li> <li>2. Continuous</li> <li>3. Continuous</li> <li>4. Continuous</li> <li>5. Non Recurring</li> </ol>   |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any | : | 1. Refer Financial Statements  |
| (e) Date(s) of approval by the Board, if any   | : | 12-4-2016  |
| (f) Amount paid as advances, if any  | : | NIL  |



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Tel.: (022) 4325 1199, Fax No. (022) 4325 3000, Website: www.axiscapital.co.in

**ANNUAL REPORT ON CSR ACTIVITIES**

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

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

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

2. The composition of the CSR Committee – **Mr.Bahram Vakil, Mr.Srinivasan Vardarajan and Mr. Dharmesh Mehta**
3. Average Net Profit of the Company for last three financial years - **Rs.766,824,457**
4. Prescribed CSR Expenditure (two percent of the amount as per item 3 above) – **Rs.15,336,489**
5. Details of CSR spent during the financial year:-
  - (a) Total amount to be spent for the financial year – **Rs.15,336,489**
  - (b) Amount unspent if any – **Rs. Nil**

(c) Manner in which the amount spent during the financial year is detailed below:

| (1)    | (2)   | (3)                                    | (4)  | (5)   | (6)  | (7)   | (8)   |
|--------|---|--|--|---|--|---|---|
| S. No. | CSR Project or activity identified              | Sector in which the project is covered | Project or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs sub heads: (1) Direct Expenditure on projects and programs (2) Overheads: | Cumulative expenditure up to the reporting period | Amount spent Direct or through implementing agency* |
| 1      | Social Welfare Programs of Axis Bank Foundation |  |  |   |  |   | 15,336,489  |
|        | <b>Total</b>                                    |  |  |   |  |   | <b>15,336,489</b>                                   |



**Axis Capital Limited (Erstwhile "Axis Securities and Sales Limited")**

SEBI Merchant Banker Regn No.:MB/INM000012029 Member Of: BSE Ltd. & National Stock Exchange of India Ltd., Mumbai.


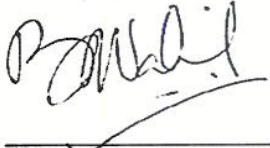
CIN No. U51900MH2005PLC157853

Regd. Office: Axis House, 8th Floor, Wadia International Centre, P. B. Marg, Worli, Mumbai – 400 025 &

Corp. Office: Axis House, C-2, Wadia International Centre, P.B. Marg, Worli, Mumbai – 400 025.

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6. We hereby affirm that the CSR policy, as approved by the Board, has been implemented and the CSR committee monitors the implementation of the CSR projects and activities in compliance with our CSR objectives.

|  |   |  |
|--|---|--|
| <br>_____<br>(Chief Executive Officer or<br>Managing Director of<br>Director) | <br>_____<br>(Chairman CSR Committee ) |  |
|--|---|--|





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



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E-MAIL : jayshreedagli@gmail.com  
suyashri@vsnl.com

**JAYSHREE DAGLI & ASSOCIATES**  
COMPANY SECRETARIES

Date: 11<sup>th</sup> April, 2016.

To,  
**The Members,  
Axis Capital Limited  
Mumbai**

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

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

For **JAYSHREE DAGLI & ASSOCIATES**  
COMPANY SECRETARIES

*Jayshree S. Joshi*

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

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

Jayshree S. Joshi

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



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**JAYSHREE DAGLI & ASSOCIATES**  
COMPANY SECRETARIES

Form No. MR-3

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2016

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

To,  
**The Members,  
Axis Capital Limited  
Mumbai**

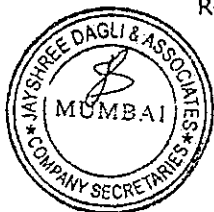
We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Axis Capital Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate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

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

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

- A)**
- (1) The Companies Act, 2013 (the Act) & the rules made there under and The Companies Act, 1956 to the extent applicable;
  - (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
  - (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
  - (4) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

Contd...2



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

Jayshree S. Joshi

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



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**JAYSHREE DAGLI & ASSOCIATES**  
COMPANY SECRETARIES

::2::

- (ii) SEBI (Stock Brokers and Sub Brokers) Regulations, 1992;
- (iii) SEBI (Merchant Bankers) Regulations, 1992;
- (iv) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

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

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

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

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above except / other than the points / issues enumerated under the head OBSERVATIONS mentioned hereunder.

**OBSERVATIONS**

1. The Stamp duty falling under the purview of the State of Goa on relevant documents w.r.t Broking business of the Company was not paid.
2. The Company has received an Order on 31st March, 2016, from SEBI, being the SEBI ADJUDICATION ORDER NO. AK/AO- 8-12/2016 dated 31.03.2016 levying Penalty of Rs.1.00 Crore on the Company as one of the Book Running Lead Managers - BRLMs (Joint & several liability with other BRLMs) w.r.t. an Issue of Securities by a Client Company during the period of 2010-11.

However, we are given to understand by the Company Officer that the Company shall prefer an Appeal against the same.

**Contd...3**



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

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



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suyashri@vsnl.com

**JAYSHREE DAGLI & ASSOCIATES**  
COMPANY SECRETARIES

::3::

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors & Non-Executive Directors pursuant to the provisions of Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the relevant Act.

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

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

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

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

Place : Mumbai  
Date : 11<sup>th</sup> April, 2016.

For JAYSHREE DAGLI & ASSOCIATES  
COMPANY SECRETARIES

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

Encl: Annexure I

Jayshree S. Joshi

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



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E-MAIL : jayshreedagli@gmail.com  
suyashri@vsnl.com

**JAYSHREE DAGLI & ASSOCIATES**  
COMPANY SECRETARIES

Annexure-I

Table Showing Specific Events and Actions for FY 2015-16

| <u>Sr.No.</u> | <u>Particulars of the Event</u>   | <u>Date of Board Resolution</u> | <u>Date of General Meeting Resolution</u> |
|---------------|---|---------------------------------|---|
| 1.            | Appointment of Mr. Dharmesh Mehta as Managing Director w.e.f 13.08.2015 for remaining period of his tenure i.e. Upto 14.11.2016 and re-designate him as MD & CEO.   | 13.08.2015                      | --  |
| 2.            | Resignation of Mr. Jagdish Master as Director w.e.f. 22.02.2016.  | --                              | --  |
| 3.            | Subject to approval of the Members, Mr. Manish Chokhani, the existing non executive director was appointed as an Independent Director through circular resolution passed by Board of Directors for a period of 5 years w.e.f 30.03.2016 | 30.03.2016                      | --  |

Place : Mumbai

Date : 11th April, 2016.

For JAYSHREE DAGLI & ASSOCIATES  
COMPANY SECRETARIES

*Jayshree S. Joshi*

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

Jayshree S. Joshi

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



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

**JAYSHREE DAGLI & ASSOCIATES**  
COMPANY SECRETARIES

Date: 11<sup>th</sup> April, 2016.

To,  
**The Members,**  
**Axis Capital Limited**  
**Mumbai**

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

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

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

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

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

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

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**JAYSHREE DAGLI & ASSOCIATES**  
COMPANY SECRETARIES

Form No. MR-3

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2016

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

To,  
**The Members,  
Axis Capital Limited  
Mumbai**

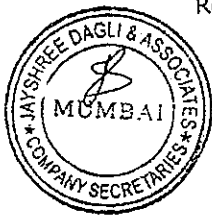
We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Axis Capital Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate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

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

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

- A)**
- (1) The Companies Act, 2013 (the Act) & the rules made there under and The Companies Act, 1956 to the extent applicable;
  - (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
  - (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
  - (4) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

Contd...2



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**JAYSHREE DAGLI & ASSOCIATES**  
COMPANY SECRETARIES

::2::

- (ii) SEBI (Stock Brokers and Sub Brokers) Regulations, 1992;
- (iii) SEBI (Merchant Bankers) Regulations, 1992;
- (iv) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

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

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

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

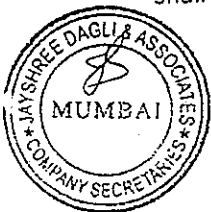
During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above except / other than the points / issues enumerated under the head OBSERVATIONS mentioned hereunder.

**OBSERVATIONS**

1. The Stamp duty falling under the purview of the State of Goa on relevant documents w.r.t Broking business of the Company was not paid.
2. The Company has received an Order on 31st March, 2016, from SEBI, being the SEBI ADJUDICATION ORDER NO. AK/AO- 8-12/2016 dated 31.03.2016 levying Penalty of Rs.1.00 Crore on the Company as one of the Book Running Lead Managers - BRLMs (Joint & several liability with other BRLMs) w.r.t. an Issue of Securities by a Client Company during the period of 2010-11.

However, we are given to understand by the Company Officer that the Company shall prefer an Appeal against the same.

**Contd...3**



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**JAYSHREE DAGLI & ASSOCIATES**  
COMPANY SECRETARIES

::3::

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors & Non-Executive Directors pursuant to the provisions of Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the relevant Act.

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

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

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

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

Place : Mumbai

Date : 11<sup>th</sup> April, 2016.

For JAYSHREE DAGLI & ASSOCIATES  
COMPANY SECRETARIES

*Jayshree S. Joshi*

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

Encl: Annexure I

Jayshree S. Joshi

B. Com. (Hons.), LL.B., F.C.S.  
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suyashri@vsnl.com

**JAYSHREE DAGLI & ASSOCIATES**  
COMPANY SECRETARIES

Annexure-I

Table Showing Specific Events and Actions for FY 2015-16

| <u>Sr.No.</u> | <u>Particulars of the Event</u>   | <u>Date of Board Resolution</u> | <u>Date of General Meeting Resolution</u> |
|---------------|---|---------------------------------|---|
| 1.            | Appointment of Mr. Dharmesh Mehta as Managing Director w.e.f 13.08.2015 for remaining period of his tenure i.e. Upto 14.11.2016 and re-designate him as MD & CEO.   | 13.08.2015                      | --  |
| 2.            | Resignation of Mr. Jagdish Master as Director w.e.f. 22.02.2016.  | --                              | --  |
| 3.            | Subject to approval of the Members, Mr. Manish Chokhani, the existing non executive director was appointed as an Independent Director through circular resolution passed by Board of Directors for a period of 5 years w.e.f 30.03.2016 | 30.03.2016                      | --  |

Place : Mumbai

Date : 11th April, 2016.

For JAYSHREE DAGLI & ASSOCIATES  
COMPANY SECRETARIES

*Jayshree S. Joshi*

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

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Axis Capital Limited  
Bombay Dyeing Mills Compound,  
Pandurang Budhkar Marg,  
Worli, Mumbai - 400 025

### Report on the Financial Statements

We have audited the accompanying financial statements of Axis Capital Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

### Opinion

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



## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016;
  - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 21 to the financial statements;
    - ii. The Company did not have any outstanding long-term contracts including derivative contracts as at 31 March 2016 for which there were any material foreseeable losses; and
    - iii. As at 31 March 2016, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration number: 301003E



per Jitendra H. Ranawat

Partner

Membership No.: 103380



Place: Mumbai

Date: 12 April 2016

**Annexure 1 referred to under the heading "Report on other legal and regulatory requirements" of 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) The Company does not have any immovable property during the financial year.
- (ii) The Company does not hold any securities in physical form. The securities held as stock-in-trade by the custodian are verified with the confirmation statement received from them on a regular basis during the year. In our opinion, the frequency of such verification is reasonable. The Company is maintaining proper records of securities held as stock-in-trade and no material discrepancies were noticed on comparing the statement from custodian with book records.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, service tax, cess and other material statutory dues applicable to it. As informed, the provision of sales tax, custom duty and excise duty are currently not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, except as mentioned below:

| Name of the statute   | Nature of dues | Amount (Rs.) | Period to which the amount relates | Due date |
|-----------------------|----------------|--------------|------------------------------------|----------|
| Stamp duty Act of Goa | Stamp duty     | 69,913       | 2009-10 to 2015-16                 | *        |

\* Due date is not ascertainable.

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



- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

| Name of the Statute | Nature of Dues   | Amount       | Period to which the amount relates | Forum where dispute is pending       |
|---------------------|------------------|--------------|------------------------------------|--------------------------------------|
| Service Tax         | Tax and Interest | 15,56,524    | Aug 2003 to October 2004           | Supreme Court                        |
| Service Tax         | Tax and Interest | 2,53,996     | Sept 2002 to March 2004            | Supreme Court                        |
| Service Tax         | Tax and Interest | 6,40,057     | April 2003 to October 2005         | Supreme Court                        |
| Service Tax         | Tax and Interest | 25,41,75,365 | July 2012 to September 2014        | Commissioner of Service Tax          |
| Property Tax        | Tax and Interest | 63,06,570    | April 2001 to September 2012       | Supreme Court                        |
| Income Tax          | Tax and Interest | 5,72,61,825  | A.Y. 2012 - 2013                   | Assistant Commissioner of Income tax |
| Income Tax          | Tax and Interest | 10,54,93,262 | A.Y. 2013 - 2014                   | Assistant Commissioner of Income tax |
| Income Tax          | Tax and Interest | 7,46,88,558  | A.Y. 2008 - 2009                   | Deputy Commissioner of Income tax    |


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

- (viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money way of initial public offer/further public offer/debt instruments) and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.
- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and



- 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.
- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

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



Place: Mumbai  
Date: 12 April 2016

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF AXIS CAPITAL LIMITED****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

To the Board of Directors  
Axis Capital Limited  
Bombay Dyeing Mills Compound,  
Pandurang Budhkar Marg,  
Worli, Mumbai - 400 025

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

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

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

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

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





**Meaning of Internal Financial Controls Over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

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

**Explanatory paragraph**

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of the Company, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated 12 April 2016 expressed an unqualified opinion thereon.

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

Chartered Accountants

ICAI Firm Registration number: 301003E

per Jitendra H. Ranawat  
Partner

Membership No.: 103380

Place: Mumbai

Date: 12 April 2016



AXIS CAPITAL LIMITED

BALANCE SHEET

(Amount in Indian Rupees)

|                                | Note No. | As at 31 March 2016         | As at 31 March 2015         |
|--------------------------------|----------|-----------------------------|-----------------------------|
| <b>EQUITY AND LIABILITIES</b>  |          |                             |                             |
| <b>SHAREHOLDERS' FUNDS</b>     |          |                             |                             |
| Share capital                  | 3        | 735,000,000                 | 735,000,000                 |
| Reserves and surplus           | 4        | 2,863,009,814               | 1,587,192,069               |
|                                |          | <u>3,598,009,814</u>        | <u>2,322,192,069</u>        |
| <b>CURRENT LIABILITIES</b>     |          |                             |                             |
| Trade payables                 | 6        | 2,174,221,214               | 3,385,862,609               |
| Other current liabilities      | 7        | 54,357,692                  | 56,885,883                  |
| Short-term provisions          | 5        | 487,650,337                 | 1,025,112,672               |
|                                |          | <u>2,716,229,243</u>        | <u>4,467,861,164</u>        |
|                                |          | <b><u>6,314,239,057</u></b> | <b><u>6,790,053,233</u></b> |
| <b>ASSETS</b>                  |          |                             |                             |
| <b>NON-CURRENT ASSETS</b>      |          |                             |                             |
| Fixed Assets                   | 8        |                             |                             |
| -Property, plant and equipment |          | 6,712,598                   | 7,273,097                   |
| -Intangible assets             |          | 448,140                     | 588,184                     |
| -Work in progress              |          | 1,650,000                   | 1,075,000                   |
|                                |          | <u>8,810,738</u>            | <u>8,936,281</u>            |
| Deferred tax assets (net)      | 28       | 29,790,907                  | 40,005,233                  |
| Long term loans and advances   | 10       | 38,656,289                  | 85,705,899                  |
| Other non-current assets       | 11.2     | 762,045,189                 | 569,552,398                 |
|                                |          | <u>830,492,385</u>          | <u>695,263,530</u>          |
| <b>CURRENT ASSETS</b>          |          |                             |                             |
| Current investments            | 9        | -                           | 86,070,175                  |
| Stock in Trade                 | 12       | 5,970                       | 6,226                       |
| Trade receivables              | 11.1     | 2,524,020,777               | 3,592,419,148               |
| Cash and bank balances         | 13       | 2,811,296,073               | 2,299,124,441               |
| Short-term loans and advances  | 11       | 21,374,705                  | 29,332,510                  |
| Other current assets           | 11.2     | 118,238,409                 | 78,900,922                  |
|                                |          | <u>5,474,935,934</u>        | <u>6,085,853,422</u>        |
|                                |          | <b><u>6,314,239,057</u></b> | <b><u>6,790,053,233</u></b> |

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

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



per Jitendra H. Ranawat  
Partner  
Membership No. :- 103380  
Place: Mumbai  
Date: 12 April 2016

For and on behalf of the Board of Directors



Shikha Sharma  
Chairperson  
DIN No. :- 00043265

  
Bhavesh Rupani  
Chief Financial Officer



Dharmesh Mehta  
Managing Director & CEO  
DIN No. :- 06734366

  
M. Natarajan  
Company Secretary



AXIS CAPITAL LIMITED

STATEMENT OF PROFIT AND LOSS

(Amount in Indian Rupees)

|   | Note No. | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|----------|----------------------------------|----------------------------------|
| Revenue from operation                              | 14       | 3,094,051,969                    | 2,887,382,228                    |
| Other income  | 15       | 447,246,138                      | 305,730,983                      |
|   |          | <u>3,541,298,107</u>             | <u>3,193,113,211</u>             |
| Employee benefit expense                            | 16       | 967,429,631                      | 969,918,049                      |
| Depreciation and amortization                       | 17       | 3,533,446                        | 4,682,179                        |
| Finance costs                                       | 18       | 602,098                          | 2,438,072                        |
| Other expenses                                      | 19       | 658,700,861                      | 577,746,686                      |
|   |          | <u>1,630,266,036</u>             | <u>1,554,784,986</u>             |
| <b>Profit/(loss) before tax</b>                     |          | <b>1,911,032,071</b>             | <b>1,638,328,225</b>             |
| <b>Tax expenses:</b>                                |          |                                  |                                  |
| Current tax   |          | 625,000,000                      | 543,000,000                      |
| Adjustment of tax relating to previous year         |          | -                                | (130,954)                        |
| Deferred Tax  |          | 10,214,326                       | 16,443,555                       |
| Total tax expense                                   |          | <u>635,214,326</u>               | <u>559,312,601</u>               |
| <b>Profit/(loss) for the year</b>                   |          | <b><u>1,275,817,745</u></b>      | <b><u>1,079,015,624</u></b>      |
| <b>Earning per equity share:</b>                    | 20       |                                  |                                  |
| [Nominal value per share ₹10 ( 31 March 2015: ₹10)] |          |                                  |                                  |
| Basic   |          | 17.36                            | 14.68                            |
| Diluted   |          | 17.36                            | 14.68                            |
| Summary of significant accounting policies          | 2.1      |                                  |                                  |

The accompanying notes are an integral part of the financial statements

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



per Jitendra H. Ranawat  
Partner  
Membership No. :- 103380  
Place: Mumbai  
Date: 12 April 2016

For and on behalf of the Board of Directors



Shikha Sharma  
Chairperson  
DIN No. :- 00043265



Dharmesh Mehta  
Managing Director & CEO  
DIN No. :- 06734366



Bhavesh Rupani  
Chief Financial Officer



M. Natarajan  
Company Secretary



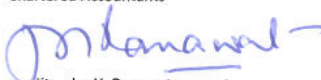
AXIS CAPITAL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016


| Particulars   | Year ended           | Year ended           |
|---|----------------------|----------------------|
|   | 31 March 2016        | 31 March 2015        |
|   | ₹                    | ₹                    |
| <b>A) Cash flows from operating activities</b>                  |                      |                      |
| Profit/(loss) before taxes                                      | 1,911,032,071        | 1,638,328,225        |
| Non cash & non operating adjustments:                           |                      |                      |
| Profit on sale of current investment and devolved securities    | (109,163,867)        | (66,688,838)         |
| Interest Income   | (146,300,727)        | (140,111,994)        |
| Reversal of liability no longer required                        | (14,739,959)         | (43,588,267)         |
| Gain on Liquidation of Subsidiary                               | -                    | (1,897,034)          |
| Profit on sale of Subsidiary                                    | (104,174,461)        | -                    |
| Depreciation and amortisation                                   | 3,533,446            | 4,682,179            |
| Sundry Balance Written off                                      | -                    | 2,458,804            |
| Provision for bad and doubtful debts                            | 7,981,780            | 8,615,843            |
| Bad debts written off   | 4,005,706            | 12,779,154           |
| Reversal of provision of doubtful debts                         | (33,221)             | (16,444,380)         |
| Loss / (profit) on sale of fixed assets                         | (150,000)            | (34,125)             |
| <b>Operating profit/(loss) before working capital changes</b>   | <b>1,551,990,767</b> | <b>1,398,099,567</b> |
| Movement in working capital:                                    |                      |                      |
| Decrease / (increase) in long term loan & advances              | 229,837              | 496,383              |
| Decrease / (increase) in short term loan & advances             | 7,957,805            | 39,177,481           |
| Decrease / (increase) in trade receivables                      | 1,056,484,531        | 3,445,235,438        |
| Decrease / (increase) in inventory                              | 256                  | 3,065,382            |
| Decrease / (increase) fixed deposit under lien exchange         | (197,925,000)        | (125,875,000)        |
| Increase / (decrease) in short term provisions                  | 81,777,759           | 323,469,484          |
| Increase / (decrease) in trade payables                         | (1,197,942,817)      | (3,604,572,090)      |
| Increase / (decrease) in other current liabilities              | (1,527,237)          | (13,620,012)         |
| <b>Cash generated from operations</b>                           | <b>1,301,045,901</b> | <b>1,465,476,633</b> |
| Direct taxes paid (net of refund)                               | (578,180,226)        | (524,581,358)        |
| <b>Net cash from operating activities</b>                       | <b>722,865,676</b>   | <b>940,895,276</b>   |
| <b>B) Cash flow from investing activities</b>                   |                      |                      |
| Purchase of fixed assets  | (3,407,903)          | (9,784,381)          |
| Proceeds from sale of fixed assets                              | 150,000              | 313,372              |
| Purchase of investments   | (8,777,029,000)      | (7,304,800,000)      |
| Sale of investments   | 8,886,192,867        | 7,371,488,838        |
| Sale of investment in subsidiary                                | 190,244,636          | 31,874,569           |
| Investment in bank fixed deposit                                | (556,775,000)        | (189,896,203)        |
| Interest received   | 112,395,449          | 93,660,409           |
| <b>Net cash used in investing activities</b>                    | <b>(148,228,951)</b> | <b>(7,143,396)</b>   |
| <b>C) Cash flows from financing activities</b>                  |                      |                      |
| Equity dividend paid  | (514,500,000)        | -                    |
| Tax on equity dividend paid                                     | (104,740,094)        | -                    |
| <b>Net cash used in financing activities</b>                    | <b>(619,240,094)</b> | <b>-</b>             |
| <b>Net increase in cash and cash equivalents (A+B+C)</b>        | <b>(44,603,368)</b>  | <b>933,751,879</b>   |
| Cash and cash equivalents at the beginning of the year          | 1,250,824,441        | 317,072,562          |
| Cash and cash equivalents of demerged business                  | -                    | -                    |
| <b>Cash and cash equivalents at the end of the year</b>         | <b>1,206,221,073</b> | <b>1,250,824,441</b> |
| Fixed deposits under lien                                       | -                    | -                    |
| Fixed deposits (with maturity more than 90 days)                | -                    | -                    |
| <b>Cash and bank balance as per balance sheet</b>               | <b>1,206,221,073</b> | <b>1,250,824,441</b> |
| <b>Components of cash and cash equivalents</b>                  |                      |                      |
| Cash in hand  | 65,452               | 45,832               |
| With scheduled bank -   |                      |                      |
| -On current account   | 1,206,155,621        | 1,250,778,609        |
| -On fixed deposit with original maturity for less than 3 months | -                    | -                    |
| <b>Total</b>  | <b>1,206,221,073</b> | <b>1,250,824,441</b> |

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

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

  
per Jitendra H. Ranawat  
Partner  
Membership No. :- 103380  
Place: Mumbai  
Date: 12 April 2016

For and on behalf of the Board of Directors

  
Shikha Sharma  
Chairperson  
DIN No. :- 00043265

  
Bhavesh Rupani  
Chief Financial Officer

  
Dharmesh Mehta  
Managing Director & CEO  
DIN No. :- 06734366

  
M. Nataraajan  
Company Secretary



## AXIS CAPITAL LIMITED

### Notes to financial statements for the year ended 31 March 2016

#### 1. Nature of operations

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

#### 2. Basis of preparation

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

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

#### 2.1 Summary of significant accounting policies

##### Change in accounting policy

As per the requirements of pre-revised AS 4, the Company used to create a liability for dividend proposed/ declared after the balance sheet date if dividend related to periods covered by the financial statements. Going forward, as per AS 4(R), the Company cannot create provision for dividend proposed/ declared after the balance sheet date unless a statute requires otherwise. Rather, the Company will need to disclose the same in notes to the financial statements.

Accordingly, the Company has disclosed dividend proposed by board of directors after the balance sheet date in the notes.

Had the Company continued with creation of provision for proposed dividend, its surplus in the statement of profit and loss account would have been lower by ₹619,240,094 and current provision would have been higher by ₹619,240,094 (including dividend distribution tax of ₹104,740,094).

##### 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. Plant, Property and Equipment

Plant, property and equipment, capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working



## AXIS CAPITAL LIMITED

### Notes to financial statements for the year ended 31 March 2016

condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Gains or losses arising from derecognition of plant, property and equipment 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.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

#### iii. Depreciation on plant, property and equipment

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

|                        | Useful lives estimated by the management (years) |
|------------------------|--|
| Computers              | 3  |
| Furniture and fixtures | 10   |
| Office equipment       | 3 - 10   |
| Vehicles               | 4  |

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

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

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

#### iv. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

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



## AXIS CAPITAL LIMITED

### Notes to financial statements for the year ended 31 March 2016

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

Gains or losses arising from derecognition of an intangible asset 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.

A summary of amortization policies applied to the Company's intangible assets is as below:

|                   |             |
|-------------------|-------------|
|                   | Rates (SLM) |
| Computer software | 20%         |

#### v. 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 or cash-generating unit's ('CGU') 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 or CGU 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.



## AXIS CAPITAL LIMITED

### Notes to financial statements for the year ended 31 March 2016

#### vi. 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.

#### vii. Revenue recognition

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

##### Brokerage -

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

##### Investment Banking -

- c. Revenue from issue management, loan syndication, financial advisory services is recognized based on the stage of completion of assignments and terms of agreement with the client.
- d. Selling commissions/brokerage generated from primary market operations i.e. procuring subscriptions from investors for public offerings of companies, mutual funds, etc are recorded on determination of the amount due to the Company, once the allotment of securities are completed.

##### Interest -

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

#### viii. 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.

#### ix. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.





## AXIS CAPITAL LIMITED

### Notes to financial statements for the year ended 31 March 2016

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.

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.

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.

#### x. Income taxes

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.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred 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.

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.

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.

#### xi. 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.



A handwritten signature in blue ink, consisting of several stylized loops and a long horizontal stroke.

## AXIS CAPITAL LIMITED

### Notes to financial statements for the year ended 31 March 2016

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

#### xii. Borrowing costs

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

#### xiii. Foreign currency translations and balances

##### (i) Initial recognition

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

##### (ii) Conversion

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

##### (iii) Exchange differences

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

#### 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 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.



## AXIS CAPITAL LIMITED

### Notes to financial statements for the year ended 31 March 2016

#### 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.



AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2016

3. Share capital

|  | 31-Mar-16<br>₹ | 31-Mar-15<br>₹ |
|--|----------------|----------------|
| <b>Authorized shares</b>   |                |                |
| 175,000,000 (31 March 2015: 175,000,000) equity shares of ₹10/- each | 1,750,000,000  | 1,750,000,000  |
| <b>Issued share capital</b>  |                |                |
| 73,500,000 (31 March 2015: 73,500,000) equity shares of ₹10/- each   | 735,000,000    | 735,000,000    |
| <b>Subscribed and fully paid-up shares</b>                           |                |                |
| 73,500,000 (31 March 2015: 73,500,000) equity shares of ₹10/- each   | 735,000,000    | 735,000,000    |

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

Equity shares

|                                    | 31-Mar-16  |             | 31-Mar-15  |             |
|------------------------------------|------------|-------------|------------|-------------|
|                                    | No.        | ₹           | No.        | ₹           |
| At the beginning of the year       | 73,500,000 | 735,000,000 | 73,500,000 | 735,000,000 |
| Issued during the year             | -          | -           | -          | -           |
| Cancelled during the year          | -          | -           | -          | -           |
| Outstanding at the end of the year | 73,500,000 | 735,000,000 | 73,500,000 | 735,000,000 |

b. Terms/right attached to equity shares

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2016, the amount of per share dividend recognized as distributions to equity shareholders was nil (31 March 2015: ₹7).

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in the proportion of the number of shares held by the shareholders.

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

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

| Name of shareholder   | 31-Mar-16   |              | 31-Mar-15   |              |
|---|-------------|--------------|-------------|--------------|
|   | ₹           | % of holding | ₹           | % of holding |
| Axis Bank Limited, the holding Company and its nominees<br>73,500,000 (31 March 2015: 73,500,000) equity shares of ₹10/- each | 735,000,000 | 100%         | 735,000,000 | 100%         |

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

| Name of shareholder   | 31-Mar-16     |              | 31-Mar-15     |              |
|---|---------------|--------------|---------------|--------------|
|   | No. of shares | % of holding | No. of shares | % of holding |
| Axis Bank Limited, the holding Company and its nominees<br>73,500,000 (31 March 2015: 73,500,000) equity shares of ₹10/- each | 73,500,000    | 100%         | 73,500,000    | 100%         |

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

(e) Proposed dividends on Equity shares

The Board proposed dividend on equity shares after the balance sheet date.

|  | 31-Mar-16<br>₹     | 31-Mar-15<br>₹     |
|--|--------------------|--------------------|
| Proposed dividend on equity shares for the year ended on 31 March 2016: ₹7 per share (31 March 2015: ₹7 per share) | 514,500,000        | 514,500,000        |
| Dividend Distribution Tax on proposed dividend on equity shares  | 104,740,094        | 104,740,094        |
| <b>Total</b>   | <b>619,240,094</b> | <b>619,240,094</b> |



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AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2016

4. Reserve & Surplus

|  | 31-Mar-16<br>₹             | 31-Mar-15<br>₹       |
|--|----------------------------|----------------------|
| <b>General Reserve</b>   |                            |                      |
| Balance as per last financial statements                                   | 129,237,420                | 129,237,420          |
| Addition   | -                          | -                    |
| Balance at the end of the year   | <b>A 129,237,420</b>       | <b>129,237,420</b>   |
| <b>Surplus/(deficit) in the statement of profit and loss</b>               |                            |                      |
| Balance as per last financial statements                                   | 1,457,954,649              | 998,179,119          |
| Profit for the year  | 1,275,817,745              | 1,079,015,624        |
| Less: Appropriations   |                            |                      |
| Proposed final equity dividend (amount per share ₹Nil (31 March 2015: ₹7)) | -                          | (514,500,000)        |
| Tax on proposed equity dividend  | -                          | (104,740,094)        |
| Total appropriations   | -                          | (619,240,094)        |
| Balance at the end of the year   | <b>B 2,733,772,394</b>     | <b>1,457,954,649</b> |
| <b>Total</b>   | <b>(A+B) 2,863,009,814</b> | <b>1,587,192,069</b> |

5. Provisions

|   | Long-term      |                | Short-term         |                      |
|---|----------------|----------------|--------------------|----------------------|
|   | 31-Mar-16<br>₹ | 31-Mar-15<br>₹ | 31-Mar-16<br>₹     | 31-Mar-15<br>₹       |
| <b>Provision for employee benefits</b>        |                |                |                    |                      |
| Gratuity payable                              |                |                | 2,588,575          | 2,964,518            |
| Provision for leave                           | -              | -              | 1,108,165          | 1,121,926            |
| Provision for bonus                           | -              | -              | 483,835,471        | 401,549,882          |
|   |                |                | <b>487,532,211</b> | <b>405,636,326</b>   |
| <b>Other provisions</b>                       |                |                |                    |                      |
| Lease equalization                            | -              | -              | 118,126            | 236,252              |
| Proposed equity dividend                      | -              | -              | -                  | 514,500,000          |
| Provision for tax on proposed equity dividend | -              | -              | -                  | 104,740,094          |
|   |                |                | <b>118,126</b>     | <b>619,476,346</b>   |
| <b>Total</b>                                  | -              | -              | <b>487,650,337</b> | <b>1,025,112,672</b> |

6. Trade Payables

|  | 31-Mar-16<br>₹       | 31-Mar-15<br>₹       |
|--|----------------------|----------------------|
| Trade payables (refer note 27 for detail of dues to micro and small enterprises) | 2,174,221,214        | 3,385,862,609        |
| <b>Total</b>   | <b>2,174,221,214</b> | <b>3,385,862,609</b> |

7. Others current liabilities

|   | 31-Mar-16<br>₹    | 31-Mar-15<br>₹    |
|---|-------------------|-------------------|
| Expense creditors                           |                   |                   |
| -Due to holding company 'Axis Bank Limited' | 4,801,397         | 611,213           |
| -Due to others                              | 25,408,632        | 39,542,465        |
| Undisputed statutory dues                   | 24,147,663        | 16,732,205        |
| <b>Total</b>                                | <b>54,357,692</b> | <b>56,885,883</b> |



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AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2016

8. Fixed Assets

| Assets                                     | Gross Block             |                  |                |                         | Depreciation            |                  |                |                         | Net Block               |                         |
|--|-------------------------|------------------|----------------|-------------------------|-------------------------|------------------|----------------|-------------------------|-------------------------|-------------------------|
|  | As at<br>31 March, 2015 | Addition         | Deductions     | As at<br>31 March, 2016 | As at<br>31 March, 2015 | For the year     | Deductions     | As at<br>31 March, 2016 | As at<br>31 March, 2016 | As at<br>31 March, 2015 |
| <b>Tangible assets</b>                     |                         |                  |                |                         |                         |                  |                |                         |                         |                         |
| Furniture                                  | 265,996                 | -                | -              | 265,996                 | 77,342                  | 24,583           | -              | 101,925                 | 164,071                 | 188,654                 |
| Office Equipments                          | 1,716,035               | 375,841          | -              | 2,091,876               | 1,664,622               | 74,268           | -              | 1,738,890               | 352,986                 | 51,413                  |
| Printers etc.                              | 326,681                 | 18,950           | -              | 345,631                 | 284,949                 | 30,536           | -              | 315,485                 | 30,146                  | 41,732                  |
| Fax, UPS, Batteries etc.                   | 74,648                  | -                | -              | 74,648                  | 74,648                  | -                | -              | 74,648                  | -                       | -                       |
| EPABX etc.                                 | 1,338,906               | 31,536           | -              | 1,370,442               | 324,350                 | 122,043          | -              | 446,393                 | 924,049                 | 1,014,556               |
| Others                                     | 31,615,248              | 2,406,576        | 89,277         | 33,932,547              | 25,638,506              | 3,141,972        | 89,277         | 28,691,201              | 5,241,346               | 5,976,742               |
| Computers                                  | 646,044                 | -                | 632,978        | 13,066                  | 646,044                 | -                | 632,978        | 13,066                  | -                       | -                       |
| Vehicles                                   | <b>35,983,558</b>       | <b>2,832,903</b> | <b>722,255</b> | <b>38,094,206</b>       | <b>28,710,461</b>       | <b>3,393,402</b> | <b>722,255</b> | <b>31,381,608</b>       | <b>6,712,598</b>        | <b>7,273,097</b>        |
| <b>Intangible assets</b>                   |                         |                  |                |                         |                         |                  |                |                         |                         |                         |
| Software                                   | 700,219                 | -                | -              | 700,219                 | 112,035                 | 140,044          | -              | 252,079                 | 448,140                 | 588,184                 |
| <b>Intangible assets under development</b> | 1,075,000               | 575,000          | -              | 1,650,000               | -                       | -                | -              | -                       | 1,650,000               | 1,075,000               |
| <b>Total</b>                               | <b>37,758,777</b>       | <b>3,407,903</b> | <b>722,255</b> | <b>40,444,425</b>       | <b>28,822,496</b>       | <b>3,533,446</b> | <b>722,255</b> | <b>31,633,687</b>       | <b>8,810,738</b>        | <b>8,936,281</b>        |
| Previous Year                              | 31,540,750              | 9,784,381        | 3,566,354      | 37,758,777              | 25,099,574              | 4,682,179        | 959,257        | 28,822,496              | 8,936,281               | 6,441,176               |

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AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2016

9. Investment

|   | Non-current    |                | Current        |                   |
|---|----------------|----------------|----------------|-------------------|
|   | 31-Mar-16<br>₹ | 31-Mar-15<br>₹ | 31-Mar-16<br>₹ | 31-Mar-15<br>₹    |
| <b>Trade investment in subsidiaries</b>   |                |                |                |                   |
| (Unquoted, valued at cost unless otherwise stated)                                  |                |                |                |                   |
| Axis Securities Europe Limited*<br>(1,000,002, equity shares of £1 each fully paid) | -              | -              | -              | 86,070,175        |
| <b>Total</b>  | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>86,070,175</b> |

\* Investment in Axis Securities Europe Ltd. has been classified as held for sale in FY 2014-15

10. Loans and advances

|   | Non-current       |                   | Current           |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 31-Mar-16<br>₹    | 31-Mar-15<br>₹    | 31-Mar-16<br>₹    | 31-Mar-15<br>₹    |
| <b>Security/margin deposit</b>                                  |                   |                   |                   |                   |
| Unsecured, considered good                                      | 19,146,500        | 19,096,500        | 10,000            | 1,210,000         |
| <b>A</b>  | <b>19,146,500</b> | <b>19,096,500</b> | <b>10,000</b>     | <b>1,210,000</b>  |
| <b>Advances recoverable in cash or kind</b>                     |                   |                   |                   |                   |
| Unsecured, considered good                                      | -                 | -                 | 11,393,541        | 19,742,024        |
| <b>B</b>  | <b>-</b>          | <b>-</b>          | <b>11,393,541</b> | <b>19,742,024</b> |
| <b>Other loans and advances</b><br>(Unsecured, considered good) |                   |                   |                   |                   |
| Loans to employees  | -                 | -                 | 957,000           | 235,000           |
| Advance income-tax (net)  | 19,185,059        | 66,004,833        | -                 | -                 |
| Prepaid expenses  | 324,730           | 604,566           | 3,889,100         | 5,667,107         |
| Balance with statutory/government authorities                   | -                 | -                 | 5,125,064         | 2,478,379         |
| <b>C</b>  | <b>19,509,789</b> | <b>66,609,399</b> | <b>9,971,164</b>  | <b>8,380,486</b>  |
| <b>Total</b>  | <b>38,656,289</b> | <b>85,705,899</b> | <b>21,374,705</b> | <b>29,332,510</b> |

*[Handwritten signatures and initials in blue ink]*



AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2016

11. Trade receivables and other assets

11.1 Trade receivables

|  | Non-current |           | Current              |                      |
|--|-------------|-----------|----------------------|----------------------|
|  | 31-Mar-16   | 31-Mar-15 | 31-Mar-16            | 31-Mar-15            |
|  | ₹           | ₹         | ₹                    | ₹                    |
| <b>Unsecured, considered good unless stated otherwise</b>                            |             |           |                      |                      |
| Outstanding for a period exceeding six months from the date they are due for payment |             |           |                      |                      |
| Unsecured, considered good   | -           | -         | 393,075              | 907,013              |
| Doubtful   | -           | -         | 19,111,160           | 8,126,010            |
| Provision for doubtful receivables   | -           | -         | (16,905,460)         | (7,894,345)          |
| <b>A</b>   | -           | -         | <b>2,598,775</b>     | <b>1,138,678</b>     |
| <b>Other receivables</b>   |             |           |                      |                      |
| Unsecured, considered good   | -           | -         | 2,521,422,002        | 3,591,255,394        |
| Doubtful   | -           | -         | -                    | 1,087,632            |
| Provision for doubtful receivables   | -           | -         | -                    | (1,062,556)          |
| <b>B</b>   | -           | -         | <b>2,521,422,002</b> | <b>3,591,280,470</b> |
| <b>Total (A+B)</b>   | -           | -         | <b>2,524,020,777</b> | <b>3,592,419,148</b> |

11.2 Other assets

|   | Non-current        |                    | Current            |                   |
|---|--------------------|--------------------|--------------------|-------------------|
|   | 31-Mar-16          | 31-Mar-15          | 31-Mar-16          | 31-Mar-15         |
|   | ₹                  | ₹                  | ₹                  | ₹                 |
| <b>Unsecured, considered good unless stated otherwise</b> |                    |                    |                    |                   |
| Non-current bank balances                                 | 757,100,000        | 559,175,000        | -                  | -                 |
| <b>Others</b>   |                    |                    |                    |                   |
| Interest accrued on fixed deposits                        | 4,945,189          | 10,377,398         | 118,238,409        | 78,900,922        |
| <b>Total</b>  | <b>762,045,189</b> | <b>569,552,398</b> | <b>118,238,409</b> | <b>78,900,922</b> |

12. Stock in trade

|              | 31-Mar-16    | 31-Mar-15    |
|--------------|--------------|--------------|
|              | ₹            | ₹            |
| Opening      | 6,226        | 3,071,608    |
| Purchase     | 323,364,836  | 234,220,673  |
| Sale at cost | 322,826,807  | 243,412,939  |
| Closing      | <b>5,970</b> | <b>6,226</b> |

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

13. Cash and bank balances

|  | Non-current        |                    | Current              |                      |
|--|--------------------|--------------------|----------------------|----------------------|
|  | 31-Mar-16          | 31-Mar-15          | 31-Mar-16            | 31-Mar-15            |
|  | ₹                  | ₹                  | ₹                    | ₹                    |
| Cash and cash equivalents  |                    |                    |                      |                      |
| -Cash on hand  | -                  | -                  | 65,452               | 45,832               |
| Balances with banks:   |                    |                    |                      |                      |
| - On current accounts  | -                  | -                  | 1,206,155,621        | 1,250,778,609        |
| <b>A</b>   | -                  | -                  | <b>1,206,221,073</b> | <b>1,250,824,441</b> |
| Other bank balances  |                    |                    |                      |                      |
| - Deposits with original maturity for more than 12 months            | 155,600,000        | -                  | -                    | -                    |
| - Deposits with original maturity for more than 12 months under lien | 601,500,000        | 559,175,000        | 1,605,075,000        | 1,048,300,000        |
| <b>B</b>   | <b>757,100,000</b> | <b>559,175,000</b> | <b>1,605,075,000</b> | <b>1,048,300,000</b> |
| Amount disclosed under non-current assets (note 11.2) <b>C</b>       | 757,100,000        | 559,175,000        | -                    | -                    |
| <b>Total (A+B-C)</b>   | -                  | -                  | <b>2,811,296,073</b> | <b>2,299,124,441</b> |



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AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2016

**14. Revenue from operations**

|   | For the year<br>ended<br>31 March 2016 | For the year<br>ended<br>31 March 2015 |
|---|--|--|
|   | ₹                                      | ₹                                      |
| Fees from advisory services and other professional services | 1,976,453,877                          | 1,505,374,015                          |
| Brokerage income  | 1,117,598,092                          | 1,382,008,213                          |
| <b>Total</b>  | <b>3,094,051,969</b>                   | <b>2,887,382,228</b>                   |

**15. Other income**

|  | For the year<br>ended<br>31 March 2016 | For the year<br>ended<br>31 March 2015 |
|--|--|--|
|  | ₹                                      | ₹                                      |
| Profit on sale of current investment/devolved securities/dealing error | 105,448,784                            | 74,304,288                             |
| Interest Income  | 205,390,712                            | 176,050,796                            |
| Reversal of liability no longer required                               | 14,739,959                             | 43,588,267                             |
| Miscellaneous Income   | 17,492,222                             | 9,890,598                              |
| Gain on Liquidation of Subsidiary                                      | -                                      | 1,897,034                              |
| Profit on sale of Subsidiary   | 104,174,461                            | -                                      |
| <b>Total</b>   | <b>447,246,138</b>                     | <b>305,730,983</b>                     |

**16. Employee benefits expense**

|   | For the year<br>ended<br>31 March 2016 | For the year<br>ended<br>31 March 2015 |
|---|--|--|
|   | ₹                                      | ₹                                      |
| Salaries, wages and bonus*                | 954,889,276                            | 949,255,480                            |
| Contribution to provident and other funds | 3,188,538                              | 4,194,727                              |
| Gratuity expense (refer Note 26)          | 2,588,575                              | 10,894,475                             |
| Staff welfare expenses                    | 6,763,242                              | 5,573,367                              |
| <b>Total</b>                              | <b>967,429,631</b>                     | <b>969,918,049</b>                     |

(Net of previous year's excess provision for bonus ₹63,835,471 (31 March 2015: Nil))

**17. Depreciation and amortization expense**

|                                   | For the year<br>ended<br>31 March 2016 | For the year<br>ended<br>31 March 2015 |
|-----------------------------------|--|--|
|                                   | ₹                                      | ₹                                      |
| Depreciation of tangible assets   | 3,393,402                              | 4,570,144                              |
| Amortization of intangible assets | 140,044                                | 112,035                                |
| <b>Total</b>                      | <b>3,533,446</b>                       | <b>4,682,179</b>                       |

**18. Finance costs**

|                                   | For the year<br>ended<br>31 March 2016 | For the year<br>ended<br>31 March 2015 |
|-----------------------------------|--|--|
|                                   | ₹                                      | ₹                                      |
| Interest other than on fixed loan | 602,098                                | 2,438,072                              |
| <b>Total</b>                      | <b>602,098</b>                         | <b>2,438,072</b>                       |



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AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2016

19. Other expenses

|   | For the year<br>ended<br>31 March 2016 | For the year<br>ended<br>31 March 2015 |
|---|--|--|
|   | ₹                                      | ₹                                      |
| Stamp Duty                                | 24,774,246                             | 17,914,737                             |
| Trade confirmation Charges                | 39,320,779                             | 35,532,505                             |
| Brokerage expenses                        | 252,634,466                            | 257,789,790                            |
| Stock Exchange Expenses                   | 27,321,596                             | 25,946,146                             |
| Printing and Stationary                   | 7,185,638                              | 5,710,164                              |
| Electricity & Water Charges               | 10,712,944                             | 10,453,149                             |
| Rent                                      | 43,027,348                             | 45,088,402                             |
| Repairs & Maintenance                     |  |  |
| - Others                                  | 17,043,236                             | 13,894,739                             |
| CSR expenditure (refer note 30)           | 15,500,000                             | 4,225,000                              |
| Insurance                                 | 819,415                                | 867,837                                |
| Rates and taxes                           | 5,842,153                              | 6,325,118                              |
| Professional Fees                         | 81,549,324                             | 23,796,189                             |
| Deputation expenses                       | 17,324,693                             | -                                      |
| Software Expenses                         | 715,765                                | 360,185                                |
| Telephone, Fax & Internet                 | 8,011,290                              | 8,609,395                              |
| Foreign Exchange loss                     | 160,386                                | 296,418                                |
| Travelling & Conveyance Expenses          | 31,872,684                             | 36,153,793                             |
| Director's Sitting Fees                   | 1,254,750                              | 380,000                                |
| Auditors Remuneration:                    |  |  |
| - For Audit                               | 1,959,750                              | 1,600,000                              |
| - Other                                   | 64,000                                 | 170,655                                |
| Miscellaneous expenses                    | 59,652,133                             | 77,681,847                             |
| Bad debts                                 |  |  |
| - Provision for bad and doubtful debts    | 7,981,780                              | 8,615,843                              |
| - Bad debts written off                   | 4,005,706                              | 12,779,154                             |
| - Reversal of provision of doubtful debts | (33,221)                               | (16,444,380)                           |
| <b>Total</b>                              | <b>658,700,861</b>                     | <b>577,746,686</b>                     |

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## AXIS CAPITAL LIMITED

### Notes to financial statements for the year ended 31 March 2016

#### 20. Earnings per Share (EPS)

|  | 2015 - 2016          | 2014 - 2015          |
|--|----------------------|----------------------|
|  | ₹                    | ₹                    |
| Profit/ (loss) after tax   | 1,275,817,745        | 1,079,015,624        |
| <b>Net profit/ (loss) for calculation of basic EPS and diluted EPS</b> | <b>1,275,817,745</b> | <b>1,079,015,624</b> |
|  | No.                  | No.                  |
| Weighted average number of equity shares in calculating diluted EPS    | 73,500,000           | 73,500,000           |
| <b>Earnings per share (Basic and diluted) (in ₹)</b>                   | <b>17.36</b>         | <b>14.68</b>         |

#### 21. Contingent Liabilities

|  | 31 March 2016      | 31 March 2015     |
|--|--------------------|-------------------|
|  | ₹                  | ₹                 |
| (A) Claims against the Company not acknowledged as debts*  | 2,500,000          | 12,500,000        |
| (B) Claims against the Company not acknowledged as debts** |                    |                   |
| - For Service Tax  | 256,625,942        | 640,057           |
| - For Income Tax   | 78,605,099         | -                 |
| - For Property Tax   | 6,306,570          | 6,306,570         |
| <b>Total</b>   | <b>344,037,611</b> | <b>19,446,527</b> |

\*The Company is facing certain litigations with respect to alleged non disclosures in respect of investment banking jobs handled by the Company. The Management believes that its position will likely be upheld and the outcome of these proceeding will not have a material adverse effect on the Company's financial position and result of operations. During the year, the Company has provided for ₹3,333,334 (31 March, 2015: ₹15,000,000) for one litigation.

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

#### 22. Details of Foreign Currency Transactions\*

|  | 2015 - 2016 | 2014-2015  |
|--|-------------|------------|
|  | ₹           | ₹          |
| a) Expenditure in foreign currency : travelling and others                                   | 27,217,353  | 28,101,788 |
| b) Other income (expense) includes profit(loss) on account of conversion of foreign currency | (160,386)   | (296,418)  |
| c) Income in foreign currency : professional fees  | 185,207,169 | 44,752,346 |

\*Based on accrual basis



## AXIS CAPITAL LIMITED

### Notes to financial statements for the year ended 31 March 2016

#### 23. Segment information

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

#### 24. Related Party Disclosures

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

|                              |   |
|------------------------------|---|
| Holding Company              | Axis Bank Limited ("ABL")   |
| Key Management Personnel     | Mr. Dharmesh Mehta (Managing Director & CEO)<br>Mr. Nilesh Shah (Managing Director till 12/01/2015)   |
| Subsidiary                   | Axis Securities Europe Limited ("ASEL") (Till 19/08/2015)<br>Enam International Limited ("EIL") (Liquidated on 24/08/2014)  |
| Fellow Subsidiary            | Axis Private Equity Limited ("APEL")<br>Axis Mutual Fund Trustee Limited ("AMFTL")<br>Axis Trustee Services Limited ("ATSL")<br>Axis Asset Management Company Limited ("AAMCL")<br>Axis Bank UK Limited ("ABUKL")<br>Axis Finance Limited ("AFL")<br>Axis Securities Limited ("ASL")<br>Axis Securities Europe Limited ("ASEL") (w.e.f. 20/08/2015) |
| Associate of Holding Company | Bussan Auto Finance India Private Limited ("BAFIPL")(Till 30/03/2015)   |

#### Transactions with related parties

| Particulars               | Holding Company              | Subsidiary Company | Fellow Subsidiary        | Key Management Personnel | Total                        |
|---------------------------|------------------------------|--------------------|--------------------------|--------------------------|------------------------------|
|                           | (₹)                          | (₹)                | (₹)                      | (₹)                      | (₹)                          |
| <b>Income</b>             |                              |                    |                          |                          |                              |
| Brokerage Income          | 858,023<br>(964,533)         | -                  | -                        | -                        | 858,023<br>(964,533)         |
| Brokerage Income (AAMCL)  | -                            | -                  | 8,677,993<br>(1,152,723) | -                        | 8,677,993<br>(1,152,723)     |
| Bank interest             | 144,824,016<br>(140,015,269) | -                  | -                        | -                        | 144,824,016<br>(140,015,269) |
| Other reimbursement (ASL) | -                            | -                  | (105,618)                | -                        | (105,618)                    |
| Advisory Income (ASL)     | -                            | -                  | (700,000)                | -                        | (700,000)                    |
| Service charges (AFL)     | -                            | -                  | 1,280,492<br>(995,564)   | -                        | 1,280,492<br>(995,564)       |



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**AXIS CAPITAL LIMITED**
**Notes to financial statements for the year ended 31 March 2016**

| <b>Expenses</b>                                |                      |   |                   |                      |
|--|----------------------|---|-------------------|----------------------|
| Salaries (Mr. Nilesh Shah)                     | -                    | - | -                 | -                    |
|  | -                    | - | (32,130,479)      | (32,130,479)         |
| Salaries (Mr. Dharmesh Mehta)                  | -                    | - | <b>53,300,000</b> | <b>53,300,000</b>    |
|  | -                    | - | (44,636,667)      | (44,636,667)         |
| Salaries (Mr. Mitesh Mehta)                    | -                    | - | <b>10,585,164</b> | <b>10,585,164</b>    |
|  | -                    | - | (15,438,796)      | (15,438,796)         |
| Reimbursement for operating expense            | <b>100,047,356</b>   | - | -                 | <b>100,047,356</b>   |
|  | (82,925,498)         | - | -                 | (82,925,498)         |
| Reimbursement for operating expense (ASL)      | -                    | - | <b>482</b>        | <b>482</b>           |
|  | -                    | - | -                 | -                    |
| Reimbursement for operating expense (AFL)      | -                    | - | -                 | -                    |
|  | -                    | - | (53,954)          | (53,954)             |
| Interest expense                               | <b>602,098</b>       | - | -                 | <b>602,098</b>       |
|  | (2,438,072)          | - | -                 | (2,438,072)          |
| Bank charges                                   | <b>22,384</b>        | - | -                 | <b>22,384</b>        |
|  | (24,749)             | - | -                 | (24,749)             |
| Demat charges                                  | <b>58,664</b>        | - | -                 | <b>58,664</b>        |
|  | (49,392)             | - | -                 | (49,392)             |
| Brokerage expense                              | <b>274,083</b>       | - | -                 | <b>274,083</b>       |
|  | (12,703,964)         | - | -                 | (12,703,964)         |
| Brokerage expense (ASL)                        | -                    | - | <b>591,646</b>    | <b>591,646</b>       |
|  | -                    | - | (2,897,386)       | (2,897,386)          |
| Fees paid                                      | <b>4,300,000</b>     | - | -                 | <b>4,300,000</b>     |
|  | (5,000,000)          | - | -                 | (5,000,000)          |
| Fees paid (ASL)                                | -                    | - | <b>19,574</b>     | <b>19,574</b>        |
|  | -                    | - | -                 | -                    |
| Fees paid (ATSL)                               | -                    | - | <b>500,000</b>    | <b>500,000</b>       |
|  | -                    | - | -                 | -                    |
| <b>Other Transactions</b>                      |                      |   |                   |                      |
| Sale of Investment In subsidiary               | <b>190,244,636</b>   | - | -                 | <b>190,244,636</b>   |
| Purchase of Fixed Assets (wdv)                 | -                    | - | -                 | -                    |
|  | (343,970)            | - | -                 | (343,970)            |
| Dividend paid                                  | <b>514,500,000</b>   | - | -                 | <b>514,500,000</b>   |
|  | -                    | - | -                 | -                    |
| <b>Balances outstanding as at the year end</b> |                      |   |                   |                      |
| Fixed deposit (including interest accrued)     | <b>2,485,358,594</b> | - | -                 | <b>2,485,358,594</b> |
|  | (1,696,753,319)      | - | -                 | (1,696,753,319)      |
| Share Capital                                  | <b>735,000,000</b>   | - | -                 | <b>735,000,000</b>   |
|  | (735,000,000)        | - | -                 | (735,000,000)        |
| Current account                                | <b>1,070,917,281</b> | - | -                 | <b>1,070,917,281</b> |
|  | (1,222,409,432)      | - | -                 | (1,222,409,432)      |
| Other payables                                 | <b>4,801,397</b>     | - | -                 | <b>4,801,397</b>     |



## AXIS CAPITAL LIMITED

### Notes to financial statements for the year ended 31 March 2016

|                               | (611,213) | - | -              | - | (611,213)      |
|-------------------------------|-----------|---|----------------|---|----------------|
| Accounts payable<br>(ASL)     | -         | - | <b>15,889</b>  | - | <b>15,889</b>  |
|                               | -         | - | (4,470)        | - | (4,470)        |
| Accounts receivable<br>(AAMC) | -         | - | <b>113,616</b> | - | <b>113,616</b> |
|                               | -         | - | (483,598)      | - | (483,598)      |

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

#### 25. Leases

##### *Operating Lease:*

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

|  | Operating Lease  |                  |
|--|------------------|------------------|
|  | 2015-2016<br>(₹) | 2014-2015<br>(₹) |
| Minimum lease payments :                           |                  |                  |
| -Not later than one year                           | 2,310,000        | 22,504,018       |
| -Later than one year but not later than five years | 288,752          | 830,171          |
| -Later than five years                             | -                | -                |
| Lease payment for the year                         | 43,027,348       | 45,088,402       |

#### 26. Gratuity and other benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days of 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.



## AXIS CAPITAL LIMITED

### Notes to financial statements for the year ended 31 March 2016

#### Statement of profit and loss

##### Net employee benefit expense recognized in employee cost

|  | 2015-2016<br>(₹) | 2014-2015<br>(₹)  |
|--|------------------|-------------------|
| Current service cost                                       | 5,916,839        | 6,195,924         |
| Interest cost on benefit obligation                        | 6,542,387        | 7,178,319         |
| Amount paid to Axis Bank Ltd. for transfer of employees    | -                | 7,876,003         |
| Amount paid to Axis Finance Ltd. for transfer of employees | -                | 53,954            |
| Expected return on plan assets                             | (6,307,597)      | (6,837,617)       |
| Net actuarial (gain)/ loss recognised in the year          | (35,35,220)      | (3,572,108)       |
| Past service cost  | -                | -                 |
| <b>Net benefit expense</b>                                 | <b>2,616,409</b> | <b>10,894,475</b> |
| Actual return on plan assets                               | 5,947,210        | 7,831,499         |

#### Balance sheet

##### Details of provision for gratuity

|                            | 2015-2016<br>(₹) | 2014-2015<br>(₹) |
|----------------------------|------------------|------------------|
| Defined benefit obligation | 83,633,206       | 82,605,892       |
| Fair value of plan assets  | (81,044,631)     | (79,641,374)     |
| Liability                  | 2,588,575        | 2,964,518        |

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

|  | 2015-2016<br>(₹) | 2014-2015<br>(₹) |
|--|------------------|------------------|
| Opening defined benefit obligation     | 82,605,892       | 76,527,918       |
| Interest cost                          | 6,542,387        | 7,178,319        |
| Current service cost                   | 5,916,839        | 6,195,924        |
| Benefits paid                          | (7,536,305)      | (4,718,043)      |
| Actuarial (gains)/losses on obligation | (3,895,607)      | (2,578,226)      |
| Closing defined benefit obligation     | 83,633,206       | 82,605,892       |

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

|                                   | 2015-2016<br>(₹) | 2014-2015<br>(₹) |
|-----------------------------------|------------------|------------------|
| Opening fair value of plan assets | 79,641,374       | 72,895,700       |
| Expected return                   | 6,307,597        | 6,837,617        |
| Contributions by employer         | 2,992,352        | 3,632,218        |
| Benefits paid                     | (7,536,305)      | (4,718,043)      |
| Actuarial gains/(losses)          | (360,387)        | 993,882          |
| Closing fair value of plan assets | 81,044,631       | 79,641,374       |



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## AXIS CAPITAL LIMITED

### Notes to financial statements for the year ended 31 March 2016

The Company expects to contribute ₹2,588,575 (Previous year ₹8,881,357) to gratuity in the next year.

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

|                         | Gratuity      |               |
|-------------------------|---------------|---------------|
|                         | 31 March 2016 | 31 March 2015 |
| Investment with insurer | 100%          | 100%          |

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. 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 |         |
|-----------------------------------|----------|---------|---------------------|---------|
|                                   | 2015-16  | 2014-15 | 2015-16             | 2014-15 |
|                                   | %        | %       | %                   | %       |
| Discount rate                     | 7.85     | 7.92    | 7.85                | 7.92    |
| Expected rate of return on assets | 7.85     | 7.92    | -                   | -       |
| Employee turnover                 | 7        | 7       | 7                   | 7       |
| Salary escalation rate            | 7        | 7       | 7                   | 7       |

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

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

|  | 2015-16<br>(₹) | 2014-15<br>(₹) | 2013-14<br>(₹) | 2012-13<br>(₹) | 2011-12<br>(₹) |
|--|----------------|----------------|----------------|----------------|----------------|
| Defined benefit obligation                 | 83,633,206     | 82,605,892     | 76,527,918     | 79,799,394     | 7,684,303      |
| Plan assets                                | 81,044,631     | 79,641,374     | 72,895,700     | 53,032,419     | 2,941,055      |
| Surplus / (deficit)                        | (2,588,575)    | (2,964,518)    | (3,632,218)    | (26,766,975)   | (4,743,248)    |
| Experience adjustments on plan liabilities | (5,436,991)    | (9,086,211)    | (2,204,653)    | 2,064,652      | 2,305,902      |
| Experience adjustments on plan assets      | (360,387)      | 993,882        | 1,040,870      | 101,600        | (20,629)       |

27. At the beginning of the year, there was no amount payable to any Micro, Small and/or Medium Enterprises as defined under Micro, Small and Medium Enterprise Development Act, 2006. The outstanding balance as on 31 March 2016 and 31 March 2015 are ₹ Nil.

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





## AXIS CAPITAL LIMITED

### Notes to financial statements for the year ended 31 March 2016

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

|  | 31 March 2016<br>(₹) | 31 March 2015<br>(₹) |
|--|----------------------|----------------------|
| Deferred tax Assets comprise timing difference on account of : |                      |                      |
| -Depreciation  | 1,834,352            | 2,225,065            |
| -Provision for doubtful debts                                  | 5,850,642            | 3,044,451            |
| -Demerger expenses   | 22,065,032           | 34,655,415           |
| -Provision for lease equalization charges                      | 40,881               | 80,302               |
| <b>Total</b>   | <b>29,790,907</b>    | <b>40,005,233</b>    |

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

|   | 31 March 2016<br>(₹) | 31 March 2015<br>(₹) |
|---|----------------------|----------------------|
| Commitment for addition/acquisition of software | 550,000              | -                    |
| <b>Total</b>                                    | <b>550,000</b>       | <b>-</b>             |

30. Details of CSR expenditure:

|   | 2015-2016<br>(₹) | 2015-2016<br>(₹) |
|---|------------------|------------------|
| Gross amount required to be spent by the Company during the year                              | 15,336,490       | 4,200,485        |
| Amount spent during the year for purposes other than<br>Construction/acquisition of any asset | 15,500,000       | 4,225,000        |

31. The Company in the ordinary course of its business has syndicated certain secured instruments aggregating to ₹9,790,000,000 wherein the Company is mandated to monetize the underlying security on occurring certain events to meet the Issuer's obligations and fulfill the shortfall if any.
32. The Company has the Bank guarantee facility from Axis Bank for ₹50,000,000 (Previous year: ₹ 1,000,000,000) of which ₹ Nil (Previous year: ₹ Nil) has been utilized as at 31 March 2016.
33. Previous year figures have been re-grouped/reclassified wherever necessary to confirm the current year classification.



**AXIS CAPITAL LIMITED**

**Notes to financial statements for the year ended 31 March 2016**

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



per **Jitendra H. Ranawat**  
Partner  
Membership No. :- 103380  
Place: Mumbai  
Date: 12 April 2016



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



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



**Bhavesh Rupani**  
Chief Financial Officer



**Dharmesh Mehta**  
Managing Director & CEO  
DIN No. :- 06734366



**M. Natarajan**  
Company Secretary