

AXIS SECURITIES AND SALES LIMITED
(Formerly known as Axis Sales Limited)

DIRECTOR'S REPORT

The Board of Directors is pleased to submit the Fifth Annual Report on the business and operations of the Company along with the Audited Balance Sheet and Profit & Loss Accounts for the year ended 31st March 2011.

FINANCIAL PERFORMANCE

The Financial Results of the Company for the year ended 31st March 2011 are given below:

(Figures in Rs.)

<i>Particulars</i>	<i>2010-2011</i>	<i>2009-2010</i>
	<i>Amount</i>	<i>Amount</i>
Operating Income(A)	1,07,55,91,560	1,00,52,88,878
Interest Income on Fixed Deposits and Miscellaneous Income (B)	2,20,71,202	1,17,81,370
Total Income (A)+(B)	1,09,76,62,762	1,01,70,70,248
Operating Expenses	1,16,19,64,467	90,86,37,890
Profit/(Loss) before Depreciation, provisions for tax	(6,43,01,705)	10,84,32,359
Depreciation	1,74,16,930	2,21,68,894
Provisions for Tax	-	1,03,13,505
Profit / (Loss) After Tax	(8,17,18,635)	7,59,49,959
Balance carried to Balance Sheet	(16,33,26,703)	(8,16,08,068)

OPERATIONS

In view of large scale process restructuring, the Retail Asset business witnessed a fall in the first six months of financial year 2010-11. However, on the new processes being stabilized, the businesses gained momentum to such extent that March 2011 saw the highest retail asset disbursement of Rs. 871.04 crore.

On account of exceptionally good business performed during the second half of the financial year, the Company managed to do the same level of retail asset business (Rs. 5612 crore) as it did the last financial year (Rs. 5689 crore). In comparison to the last six months of previous financial year 2009-2010, Personal Loan has witnessed a growth of 61%, Home Loan has witnessed a growth of 18%, Loan against Property has witnessed a growth of 74% and Auto Loan witnessed a growth of 25% during the comparative six months of financial year 2010-2011.

The Credit Card business on account of a decision to discontinue the Easy card sourcing saw a decline in the total number of cards issued from 1,58,192 to 1,11,105.

The business of schematic loan for SMEs has shown a significant growth of 60% by sourcing the business of Rs. 366.23 crore in this financial year as compared to sanctioned amount of Rs. 230.11 crore for previous year. The per employee productivity has also increased to Rs. 72 lacs as compared to previous year figure of Rs. 55 lacs. As per new business arrangement with Axis Bank Limited, the Company has also sourced 3 non-schematic files amounting to Rs. 16 crore in 2010-2011.

Under merchant acquiring business, the productivity per employee has increased from 4 machines to 10 machines this financial year and the Company is contributing to around 42% of the overall merchant acquiring business of Axis Bank Limited with 271 employees.

Your Company has launched Axis Direct, the online trading business of Axis Securities and Sales Limited for public on January 5th 2011. The launch was supported by press, online and TV advertisement campaign. In this short span of time of three months of public launch, the Company has opened 19,746 accounts, whereas in the month of March 2011 alone, the Company has reached a figure of more than 10,500 accounts. As of 31st March, 2011 more than 4100 clients traded using the AxisDirect platform, generating a total trading volume of Rs. 169.31 crore.

The manpower productivity for the sourcing of customers for opening of trading accounts for the month of January 2011 was 11.58, in February 2011 it was 16.70 and in March 2011 it was 30, i.e. 30 accounts per sales executive, which is one of the best-in-class in the industry. Within three months of inception of this new business, your Company has managed to reach 700+ branches out of 1100+ branches of Axis Bank, with dedicated as well as non dedicated resources.

Further, your Company has entered into arrangement with Axis Bank for distribution of additional products and provision of additional services, as mentioned below, to the Axis Bank in the financial year 2010-2011:

- i) Providing resources for retail forex distribution
- ii) Lead generation for non schematic products
- iii) Providing Call Centre Services to the following departments/verticals of Axis Bank - Home loans sanctioned but not disbursed, Collections Department, Call Centre services - Credit Cards, Call Centre services - Portfolio Management (Credit Cards Department).

Along with its focus on business growth, productivity and profitability, the Company believes that strong systems and processes help build sustainability, stability and scalability in an organization. With a commitment to keep adding value to Axis Bank and being a robust organization and a reliable service provider, the Company has put in place, strong systems and processes pertaining to various areas like Business Operations, Human Resources, Training and Compliance.

NEW BUSINESS

The Board of Directors of the Parent Company, Axis Bank Limited (Bank) had decided that certain businesses of Enam Securities Private Limited ("ESPL"), namely the businesses of investment banking, equity capital markets, debt capital markets, stock broking (retail and institutional), initial public offering ("IPO") application financing, loans against shares for the purpose of share acquisitions, distribution of third party products (including broking and commission of mutual funds, equity IPOs, capital gain bonds, fixed deposits, RBI bonds) and other financial products, advisory services and research, conducted by ESPL directly and through its wholly owned subsidiaries in India and overseas, namely,

Enam Securities Direct Pvt. Ltd., Enam International Ltd. (UAE), Enam Securities Europe Limited (UK), Enam Finance Pvt. Ltd. (together the "Enam Financial Services Business") be acquired by the Company.

It has been decided that the Enam Financial Services Business be transferred to the Company by way of a demerger under a scheme of arrangement under Sections 391-394 and other related provisions of the Companies Act, 1956 between ESPL, Axis Bank Limited and the Company in consideration for which Axis Bank Ltd. ("Axis") shall issue shares in the ratio of 5.7 equity shares of face value Rs. 10/- (Rupees Ten Only) each credited as fully paid up for every 1 equity share of Rs. 10/- (Rupees Ten Only) each fully paid up held by the shareholders of ESPL.

The Board of Directors and the Shareholders of your Company had approved the undertaking of Enam Financial Services Business in their respective meetings held on 17th November 2010 and 19th November 2010. The Company is in process of obtaining relevant approvals from various applicable regulatory authorities including High Court of Bombay, High Court of Gujarat, Reserve Bank of India, Securities and Exchange Board of India, National Stock Exchange of India Limited, Bombay Stock Exchange Limited, United Stock Exchange of India, National Securities Depository Limited, Central Depository Services Limited, the (United Kingdom) Financial Services Authority and the Dubai Financial Services Authority.

DIVIDEND

Your Directors do not recommend any dividend for the year ended on 31st March 2011 in view of the preceding year's losses carried forward this year.

DIRECTORS

- Mr. Sanjeev Kumar Gupta and Mr. Rajiv Anand retires by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.
- Mr. Sanjay Silas, Managing Director & CEO of the Company resigned as Director and Managing Director & CEO of the Company with effect from 16th April 2010. The Board places on record, its appreciation for the efforts and contribution made by Mr. Sanjay Silas during his tenure as the Managing Director & CEO of the Company.

- Mrs. Sonu Bhasin resigned as Director of the Company with effect from 22nd April 2010. The Board places on record, its appreciation for the efforts and contribution made by Mrs. Sonu Bhasin during her tenure as the Director of the Company.
- Mr. Arun Thukral was appointed as Additional Director and Whole Time Director to act as Joint Managing Director of the Company vide resolution passed in the Board Meeting held on 22nd April 2010, pursuant to the provisions of Section 260 of the Companies Act, 1956.
- Mrs. Manju Srivatsa was appointed as an Additional Director vide resolution passed in the Board Meeting held on 22nd April 2010, pursuant to the provisions of Section 260 of the Companies Act, 1956.
- Mr. Modan Saha was redesignated from Deputy Managing Director to the Joint Managing Director of the Company vide resolution passed in the Board Meeting held on 22nd April 2010.
- Mr. Sisir Kumar Chakrabarti, Mr. Modan Saha, Mr. Rajiv Anand, Mr. Arun Thukral and Mrs. Manju Srivatsa were confirmed as Directors at the Annual General Meeting of the Company held on 26th July 2010
- Mrs. Manju Srivatsa resigned as Director of the Company with effect from 31st December 2010. The Board places on record, its appreciation for the efforts and contribution made by Mrs. Manju Srivatsa during her tenure as the Director of the Company.
- Mr. Ramesh Kumar Bammi was appointed as an Additional Director vide resolution passed in the Board Meeting held on 18th January 2011, pursuant to the provisions of Section 260 of the Companies Act, 1956.

SHARE CAPITAL

The Company has made preferential allotment of its 3,00,00,000 equity shares and 2,00,00,000 equity shares to Axis Bank Limited on 20th May 2010 and 21st October 2010, respectively. The aforesaid preferential allotment were authorised by the special resolution passed by the Shareholders of the Company at their meeting held on 17th March 2010.

AUDIT COMMITTEE

The Audit Committee consists of three Directors – Mr. Sanjeev Kumar Gupta, Mr. Rajiv Anand and Mr. Ramesh Kumar Bammi and is chaired by Mr. Sanjeev Kumar Gupta. The Remuneration Committee was re-constituted twice during the year under review:

- i) vide board resolution dated 22nd April 2010 in order to induct Mrs. Manju Srivatsa in place of Mrs. Sonu Bhasin and
- ii) vide board resolution 18th January 2011, in order to induct Mr. Ramesh Kumar Bammi in place of Mrs. Manju Srivatsa.

EXECUTIVE COMMITTEE

The Executive Committee consists of four Directors – Mr. Arun Thukral, Mr. Modan Saha, Mr. Ramesh Kumar Bammi and Mr. Sanjeev Kumar Gupta and is chaired by Mr. Arun Thukral. The Executive Committee was re-constituted twice during the year under review:

- i) vide board resolution dated 22nd April 2010 in order to induct Mr. Arun Thukral and Mrs. Manju Srivatsa in place of Mr. Sanjay Silas and Mrs. Sonu Bhasin and
- ii) vide board resolution 18th January 2011, in order to induct Mr. Ramesh Kumar Bammi in place of Mrs. Manju Srivatsa.

REMUNERATION COMMITTEE

The Remuneration Committee consists of three Directors – Mr. Ramesh Kumar Bammi, Mr. Mr. Sanjeev Kumar Gupta and Mr. Rajiv Anand and is chaired by Mr. Ramesh Kumar Bammi. The Remuneration Committee was re-constituted twice during the year under review:

- i) vide board resolution dated 22nd April 2010 in order to induct Mrs. Manju Srivatsa in place of Mrs. Sonu Bhasin and
- ii) vide board resolution 18th January 2011, in order to induct Mr. Ramesh Kumar Bammi in place of Mrs. Manju Srivatsa.

PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposit pursuant to Section 58A of the Companies Act, 1956.

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

- A. Since the Company does not carry out any manufacturing activities, particulars to be disclosed with respect to conservation of energy and technology absorption under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.
- B. During the year under review there has been no earning and outgo in foreign exchange.

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

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

AUDITORS

M/s. S. R. Batliboi & Co., Chartered Accountants, retire at the ensuing Annual General Meeting, and being eligible, have offered themselves for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

The notes to Accounts referred to in the Auditor's Report are self explanatory and therefore do not call for any further comments.

DIRECTORS RESPONSIBILITY STATEMENT

Your Directors hereby declare and confirm that:

- i. The applicable accounting standards have been followed in the preparation of the annual accounts and proper explanations have been furnished, relating to material departures.
- ii. Accounting policies have been selected, and applied consistently and reasonably, and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company and of the loss of the Company for the year ended 31st March 2011.

- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The annual accounts of the Company have been prepared on a going concern basis.

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENTS

Your Directors would like to express their gratitude for all the guidance and co-operation received from Axis Bank. Your Directors would like to place on record its sincere appreciation for the co-operation received from various regulatory authorities including Reserve Bank of India, Securities and Exchange Board of India, National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

Your Directors also wish to extend a special thanks to the employees at all levels, who have exhibited the qualities of perseverance, teamwork and enthusiasm and have enabled the Company to achieve exceptional business growth.

FOR AXIS SECURITIES AND SALES LIMITED

SISIR KUMAR CHAKRABARTI
CHAIRMAN

Place: Mumbai

Date: 8th April 2011

Axis Securities and Sales Limited (Formerly known as Axis Sales Limited)
Annual Report 2010 - 2011
Annexure to the Directors' Report

Statement pursuant to Section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees) Amendment Rules, 2011 and forming part of the Director's Report for the year ended 31st March 2011

Sr. No.	Name of the Employee	Qualification	Age (in years)	Designation / Nature of Duties	Remuneration	Experience in Years	Date of Commencement of employment	Last Assignment	Last Employment
1	Mr. Modan Saha	BE, PGDCM	39	Joint Managing Director	Rs. 61,11,656/- (by virtue of provision of bonus for FY 10-11 in the annual financial statements, the amount is exceeding Rs. 60 lacs p.a.)	17	22 nd October 2009	Senior Vice President - Wealth And Private Banking, Axis Bank Limited	Executive Director & Private Banker- UBS AG, Singapore
2	Mr. Arun Thukral	L.L.B, MBA, M.COM, CAIIB, CFP	48	Joint Managing Director	Rs. 63,03,229/- (by virtue of provision of bonus for FY 10-11 in the annual financial statements, the amount is exceeding Rs. 60 lacs p.a.)	23	22 nd April 2010	Head - Resources and Treasury Relationships Group, Axis Bank Limited.	Unit Trust Of India
3	Mr. Sanjay Silas	M.A., MBA	47	Managing Director & CEO	Rs. 5,115,431/- (resigned from the services of Company w.e.f. 16 th April 2010)	25	5 th April 2006	Vice President - Retail Banking, Axis Bank Limited	Deputy Manager, ICICI Banking Corp. Ltd.

FOR AXIS SECURITIES AND SALES LIMITED

SISIR KUMAR CHAKRABARTI
CHAIRMAN

Place: Mumbai

Date: 8th April 2011

Auditors' Report

To

The Members of Axis Securities and Sales Limited

(formerly known as Axis Sales Limited)

1. We have audited the attached Balance Sheet of Axis Securities and Sales Limited ('the Company') as at 31 March 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion, we draw attention to Note 9 of Schedule 11 to the Financial Statements. The Company incurred managerial remuneration during the year, which is excess of limits specified by the relevant provisions of the Companies Act, 1956 by Rs.3,674,238. The said managerial remuneration is also in excess of the approval received from the appropriate regulatory authority. The Company has made a representation to the appropriate regulatory authority requesting ratification of the managerial remuneration as per the initial application and the same is pending approval. Pending the outcome of Company's revised application, no adjustments have been made to the accompanying financial statements.
5. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
 - v. On the basis of the written representations received from the directors, as on 31 March 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2011;
 - b) in the case of the profit and loss account, of the loss for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.

Firm Registration No.: 301003E
Chartered Accountants

per Viren H. Mehta

Partner
Membership No.: 048749
Place: Mumbai,
Date: 8 April 2011

**Annexure referred to in paragraph [3] of our report of even date
Re: Axis Securities and Sales Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
 - (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The Company does not hold any securities in physical form. The securities held as stock in trade by the custodian are verified with the confirmation statement received from them on a regular basis. In our opinion, the frequency of such verification is reasonable.
 - (b) The procedures of physical verification of securities held as stock in trade followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of securities held as stock in trade and no discrepancies were noticed on comparing the statement from custodian with book records.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
 - (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and securities and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. The Company has not sold any goods. Hence, internal control procedures over this area have not been commented upon.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements entered with parties referred to in section 301 of the Act during the year.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for the products of the Company.
- (ix) (a) Undisputed statutory dues including employees' state insurance, provident fund, employee welfare fund and cess have generally been regularly deposited with the appropriate authorities

though there has been a slight delay in a few cases pertaining to income tax and service tax . As informed, provisions of investor education and protection fund, sales tax, wealth tax, custom duty and excise duty are currently not applicable to the Company.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Act, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, service tax, income tax, employees' state insurance and cess were outstanding, at the year end, for a period of more than six months from the date they became payable.
As informed, provisions of investor education and protection fund, sales tax, wealth tax, custom duty and excise duty are currently not applicable to the Company.
- (c) According to the information and explanation given to us, there are no dues of income-tax, service tax and cess which have not been deposited on account of any dispute.
As informed, provisions of sales tax, wealth tax, custom duty and excise duty are currently not applicable to the Company.
- (x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. *The Company has incurred cash loss during the year.* In the immediately preceding financial year the Company had no cash loss.
- (xi) The Company does not have any borrowing from financial institutions or from banks or by way of debentures.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds have been raised on short-term basis, hence the question of its utilization for long-term investment does not arise.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through the public issue during the year.
- (xxi) According to the information and explanations given to us, the Company has reported instances of fraud by third parties and employees amounting to Rs.363,488. The investigations related to these are either in progress or closed. Apart from the above, we are informed that the Company has not noticed any fraud during the year.

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

per Viren H. Mehta
Partner
Membership No.: 048749
Place: Mumbai
Date: 8 April 2011

AXIS SECURITIES AND SALES LIMITED
(Formerly Known as Axis Sales Limited)
(A subsidiary of Axis Bank Ltd)
AUDITED RESULT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011

Axis Securities and Sales Limited (Formerly known as Axis Sales Limited)
Balance Sheet as at March 31, 2011

	Schedules	March 31, 2011 Rs.	March 31, 2010 Rs.
SOURCES OF FUNDS			
Shareholder's Funds			
Share capital	1	800,000,000	300,000,000
TOTAL		800,000,000	300,000,000
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	2	206,109,242	118,750,703
Less: Accumulated depreciation		59,664,952	45,679,348
Net block		146,444,290	73,071,355
Capital work-in-progress including capital advance		1,055,131	410,020
		147,499,421	73,481,375
Current Assets, Loans and Advances			
Interest accrued on fixed deposits		15,111,182	2,210,397
Sundry debtors	3	178,432,419	122,807,504
Cash and bank balances	4	425,159,530	78,871,171
Other current assets	5	-	75,000
Loans and advances	6	77,483,567	37,238,139
	(A)	696,186,698	241,202,211
Less: Current Liabilities & Provisions			
Current liabilities	7	198,112,991	87,274,976
Provisions	8	8,899,831	9,016,678
	(B)	207,012,822	96,291,654
Net Current Assets	(A-B)	489,173,876	144,910,557
Debit balance in Profit & Loss Account		163,326,703	81,608,068
TOTAL		800,000,000	300,000,000

Notes to Accounts

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The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For an on behalf of the board of Directors

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

Sisir Kumar Chakrabarti
Chairman

per Viren H. Mehta
Partner
Membership No. :- 048749
Place : Mumbai
Date : 08.04.2011

Arun Thukral
Joint Managing Director

Modan Saha
Joint Managing Director

Deepti Khandelwal
Company Secretary

Axis Securities and Sales Limited (Formerly known as Axis Sales Limited)
Profit and Loss Account for the year ended March 31, 2011

Schedules	Year ended March 31, 2011 Rs.	Year ended March 31, 2010 Rs.
INCOME		
Commision from business sourcing (TDS Rs. 7,614,029; Previous Year Rs.5,959,856) (Service tax Rs.53,937,226 ; Previous Year Rs.65,693,850)	527,406,403	645,442,475
Resource management fees (TDS Rs. 5,190,669 ; Previous Year Rs.8,161,383) (Service tax Rs. 55,707,960 ; Previous Year Rs.37,064,179)	540,106,390	359,846,403
Brokerage income (Service tax Rs. 245,950 ; Previous Year Rs.NIL)	2,386,564	-
Subscription fee (Broking) (Service tax Rs. 586,297 ; Previous Year Rs.NIL)	5,692,203	-
Interest income (TDS Rs. 1,872,047; Previous Year Rs.315,827)	22,071,202	11,781,370
TOTAL	1,097,662,762	1,017,070,248
EXPENDITURE		
Personnel expenses	9	991,680,927
Operating and other expenses	10	170,283,540
Depreciation		17,416,930
Provision for doubtful debtors		-
TOTAL		22,826,597
Profit/(Loss) before tax		(81,718,635)
Provision for tax		
Current tax		-
Total tax expense		-
Net profit/(loss)		(81,718,635)
Balance brought forward from previous year		(157,558,027)
Balance carried to Balance Sheet		(163,326,703)
Earning/(Loss) per share (Basic & diluted)	11(11)	(1.26)
(Face value per share)		10

Notes to Accounts

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The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For and on behalf of the Board of Directors

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

Sisir Kumar Chakrabarti
Chairman

per Viren H. Mehta
Partner
 Membership No. : 048749
 Place : Mumbai
 Date : 08.04.2011

Arun Thukral
Joint Managing Director

Modan Saha
Joint Managing Director

Deepti Khandelwal
Company Secretary

Axis Securities and Sales Limited (Formerly known as Axis Sales Limited)

Cash Flow Statement for the year ended March 31, 2011

	Schedules	Year ended March 31, 2011 Rs.	Year ended March 31, 2010 Rs.
A) Cash flows from operating activities			
Profit/(Loss) before taxes		(81,718,635)	86,263,464
Adjustment for:			
Interest and other income		(22,071,202)	(11,781,370)
Depreciation and amortisation		17,416,930	22,168,894
Provision for doubtful debts		(2,826,597)	2,826,597
Loss on sale of fixed assets		1,678,048	6,116,922
Provision for gratuity and staff benefits		(116,847)	6,122,620
Operating profit/(loss) before working capital changes		(87,638,303)	111,717,127
Movement in working capital:			
Decrease / (Increase) in unbilled revenue & sundry debtors		(52,723,317)	(114,865,274)
Decrease / (Increase) in loan & advances		(25,768,684)	18,993,422
Decrease / (Increase) fixed deposit under lien exchange		(158,175,000)	-
Increase/ (Decrease) in current liabilities		110,838,015	(77,887,817)
Cash generated from operations		(213,467,289)	(62,042,542)
Direct taxes paid (including fringe benefit tax)		(14,476,745)	112,340,832
Net cash from operating activities (a)		(227,944,034)	50,298,290
B) Cash flow from investing activities			
Purchase of fixed assets (including capital work in progress)		(96,695,602)	(16,943,567)
Proceeds from sale of fixed assets		3,582,578	1,011,319
Fixed deposits (with maturity more than three months)		(161,702,382)	(59,800,000)
Interest and other income received		9,170,417	9,570,972
Net cash used in investing activities (b)		(245,644,989)	(66,161,276)
C) Cash flows from financing activities			
Proceeds from issue of shares		500,000,000	-
Net cash from financing activities (c)		500,000,000	-
Net increase in cash and cash equivalents (a+b+c)		26,410,977	(15,862,986)
Cash and cash equivalents at the beginning of the year		19,071,171	34,934,157
Cash and cash equivalents at the end of the year		45,482,148	19,071,171
Fixed deposits under lien		158,175,000	-
Fixed deposits (with maturity more than 90 days)		221,502,382	59,800,000
Cash and bank balance as per balance sheet		425,159,530	78,871,171
Components of cash and cash equivalents			
Cash in hand		797	13,500
With Scheduled Bank -			
On current account		40,901,351	11,347,675
on deposit account		4,580,000	7,709,996
Total		45,482,148	19,071,171

Notes to Accounts

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The notes to accounts form integral part of Cash flow statements

As per our report on even date

For and on behalf of the Board of Directors

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

Sisir Kumar Chakrabarti
Chairman

per Viren H. Mehta
Partner
Membership No.:- 048749
Place : Mumbai
Date : 8 April 2011

Arun Thukral
Joint Managing Director

Modan Saha
Joint Managing Director

Deepti Khandelwal
Company Secretary

Axis Securities and Sales Limited (Formerly known as Axis Sales Limited)**Schedules to Accounts**

	March 31, 2011 Rs.	March 31, 2010 Rs.
<hr/> Schedule 1 : Share capital		
Authorised		
120,000,000 (Previous year 120,000,000) equity shares of Rs.10/- each	<u>1,200,000,000</u>	<u>1,200,000,000</u>
Issued, Subscribed & Paid up		
80,000,000 (Previous year 30,000,000) equity shares of Rs.10/- each	<u>800,000,000</u>	<u>300,000,000</u>
(All the above shares are held by Axis Bank Limited, the holding company and its nominees)		

Axis Securities and Sales Limited (Formerly known as Axis Sales Limited)
Schedule 2 : Fixed Assets

Nature of Fixed Assets	Gross Block				Depreciation				Net Block	
	Opening Gross Block as at April 1, 2010	Addition during the year	Deletion/Adjustment during the year	Gross Block as at March 31, 2011	Opening depreciation as at April 1, 2010	Depreciation for the Year	Depreciation on deletion/adjustment during the year	Depreciation as at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Tangible Assets										
Improvements to Leasehold Premises	40,050,479	402,225	3,035,587	37,417,117	9,760,612	3,897,520	947,800	12,710,332	24,706,785	30,289,867
Furniture & Office Equipment	57,706,932	1,831,990	5,558,655	53,980,267	22,204,294	4,874,035	2,477,031	24,601,298	29,378,969	35,502,638
Computers	12,816,117	11,909,427	97,710	24,627,834	9,773,916	3,049,593	6,495	12,817,014	11,810,820	3,042,201
Motor Car	1,166,998	-	-	1,166,998	662,851	291,750	-	954,601	212,397	504,147
Intangible Assets										
Software*	7,010,177	81,906,849	-	88,917,026	3,277,675	5,304,032	-	8,581,707	80,335,319	3,732,502
Total	118,750,703	96,050,491	8,691,952	206,109,242	45,679,348	17,416,930	3,431,326	59,664,952	146,444,290	73,071,355
Capital Work-in Progress & Advances against capital expenditure									1,055,131	410,020
Grand Total									147,499,421	73,481,375
Previous Year (March 31, 2010)	111,097,876	16,848,547	9,195,720	118,750,703	25,577,936	22,168,894	2,067,482	45,679,348	73,481,375	

* includes database license owned by Axis Bank Limited for which the Company has obtained right of use of Rs.44,564,480; Previous year Rs.Nil.

Axis Securities and Sales Limited (Formerly known as Axis Sales Limited)
Schedules to Accounts

	March 31, 2011 Rs.	March 31, 2010 Rs.
Schedule 3 : Sundry Debtors		
Unsecured (outstanding for less than six months)		
Debtors considered good (Axis Bank Limited)	153,623,453	84,107,504
Debtors considered good	4,290,340	38,700,000
Trade debtors (Broking)	14,782,609	-
Unsecured (outstanding for more than six months)		
Debtors considered good	5,736,017	-
Debtors considered doubtful	-	2,826,597
	<u>178,432,419</u>	<u>125,634,101</u>
Less: Provision for doubtful debtors	-	(2,826,597)
	<u>178,432,419</u>	<u>122,807,504</u>
Included in sundry debtors are:		
- Dues from companies under the same management		
Axis Asset Management Company Limited	4,290,340	-
Schedule 4 : Cash and Bank Balances		
Cash on hand	797	13,500
Bank balances :		
With scheduled banks:		
On current account	40,901,351	11,347,675
On fixed deposit accounts	226,082,382	67,509,996
On fixed deposit accounts under lien	158,175,000	-
	<u>425,159,530</u>	<u>78,871,171</u>
Schedule 5 : Other Current Assets		
Unbilled revenue	-	75,000
	<u>-</u>	<u>75,000</u>
Schedule 6 : Loans and Advances		
Unsecured - considered good		
Advances recoverable in cash or in kind or for value to be received	10,450,680	1,182,536
Deposits with stock exchange	16,325,000	-
Tax deducted at source (net of provision Rs.10,312,505; Previous year Rs.10,313,505)	33,639,029	19,162,284
Advance fringe benefit tax (net of provision Rs.2,330,000 ; Previous year Rs.2,330,000)	240,000	240,000
Deposits - others	13,250,129	13,049,850
Service tax credit receivable	3,578,729	3,603,469
	<u>77,483,567</u>	<u>37,238,139</u>
Schedule 7 : Current Liabilities		
Sundry creditors (other than Micro, medium and small enterprises)	146,588,344	69,271,739
[includes Rs.10,931,801; Previous Year Rs.4,423,470 due to holding company]		
Trade creditors (broking)	26,685,121	-
Advance income	8,484,281	9,578,081
Undisputed statutory dues	16,355,245	8,425,156
	<u>198,112,991</u>	<u>87,274,976</u>
Schedule 8 : Provisions		
Provision for gratuity	2,168,463	2,234,760
Provision for staff benefits	6,731,368	6,781,918
	<u>8,899,831</u>	<u>9,016,678</u>

Axis Securities and Sales Limited (Formerly known as Axis Sales Limited)

Schedules to Accounts

	Year ended March 31, 2011 Rs.	Year ended March 31, 2010 Rs.
Schedule 9: Personnel expenses		
Salaries, wages & bonus	939,068,107	757,229,479
Contribution to provident and other statutory funds	50,235,103	38,422,641
Staff welfare expenses	1,350,742	566,278
Gratuity expenses	1,077,525	2,399,898
Staff benefits (leave availment)	(50,550)	4,235,423
	991,680,927	802,853,719

Schedule 10: Operating and other expenses

Rent (Premises)	45,564,875	40,531,890
Lease rental (Computer Server)	7,606,469	-
Stamp, registration and exchange charges	1,541,139	-
Advertisement and sales promotion (net of reimbursement Rs.2,021,795; Previous year Rs.NIL)	14,014,679	3,777,852
Rates and taxes	9,259,947	6,402,355
Insurance	169,670	133,537
Housekeeping expenses	4,302,147	3,300,844
Security charges	4,489,088	3,319,129
Repair and maintenance- others	24,674,470	5,030,844
Travelling and conveyance	6,829,062	4,198,423
Communication cost	21,784,676	13,487,869
Loss on sale of fixed assets	1,678,048	6,116,922
Printing & stationery	6,936,490	2,579,900
Legal and professional fees	4,665,035	2,914,978
Director's sitting fees	10,500	6,750
Auditors' remuneration (excluding service tax):		
Audit fee	1,500,000	900,000
Out of pocket expenses	17,248	46,694
Electricity and water charges	6,499,018	5,762,916
Office expenses	856,767	926,096
Membership & subscription fees	1,518,537	-
Recruitment and training expenses	6,075,571	3,358,378
Loss on sale of securities	12,395	-
Miscellaneous expenses	277,709	162,197
	170,283,540	102,957,574

Axis Securities and Sales Limited
(Formerly known as Axis Sales Limited)

Schedule 11: Notes to Accounts

1. Nature of Operations

Axis Securities and Sales Limited (the “Company”) is a subsidiary of Axis Bank Limited. The primary objective for the formation of the Company is to build a specialized force of sales personnel, optimize operational efficiency and productivity and thereby reduce cost. During the year, the Company has commenced business of online share broking.

2. Statement of Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects in respects with the Notified accounting standard by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates.

(c) Fixed assets (including intangible assets)

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

(d) Depreciation

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher.

	Rates (SLM)	Schedule XIV Rates (SLM)
Improvement to Leasehold Premises	10%	1.63%
Electrical fitting & Other Equipments	10%	4.75%
Furniture and Fitting	10%	6.33%
Computer	33.33%	16.21%
Vehicles	25%	9.5%
Software	20%	16.21%
Mobile phone	50%	4.75%

The Intangible assets (software) are amortized over a period of five years.

Axis Securities and Sales Limited
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All fixed assets individually costing less than Rs. 5000 are fully depreciated in the year of installation.

(e) Impairment

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(f) Leases

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

(g) Revenue recognition

Business sourcing and resource management -

- i. 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.
- ii. Fee income is recognized on the basis of accrual when all the services are performed.
- iii. Insurance policy administration fee income is recognized based on the proportionate completion method.

Interest income -

- i. Interest Income on fixed deposits are recognized on an accrual basis.

Brokerage -

- i. Brokerage income in relation to stock broking activity is recognized on a trade date basis.
- ii. Gains/ losses on dealing in securities are recognized on a trade date basis.
- iii. Prepaid subscription fees is recognized on completion of validity period or utilization of complementary turnover limit whichever is earlier.

(h) Stock-in-trade

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

(i) Retirement and other employee benefits

- i. Retirement benefits in the form of provident fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective trusts.

Axis Securities and Sales Limited
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- ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation using projected unit credit method, made at the end of each financial year.
- iii. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method.
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(j) 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 Indian Income Tax Act. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the current year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are not recognized in the absence of virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a 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.

Minimum Alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

(k) Segment Reporting Policies:

The business of the company is divided into two segments: Marketing of financial products (Sales) and Retail Broking.

Identification of segments:

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

Inter segment Transfers:

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

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Allocation of common costs:

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

Unallocated items:

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

Segment Policies:

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

(l) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

(m) 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(n) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand and balance with banks and short-term fixed deposits with an original maturity of three months or less.

3. Segment information

Business Segment	Principal Activities
Marketing of financial products and resource management (Sales)	Sales operation includes sourcing of financial products and provision for resource management to Axis Bank Limited and Axis Asset Management Company Limited
Retail Broking	Online share broking and other related activities

Axis Securities and Sales Limited
(Formerly known as Axis Sales Limited)

	2010-2011		Total
	Sales	Retail Broking	
Segment Revenue			
Gross income (External customers)	1,067,512,793	8,078,767	1,075,591,560
Interest income	-	-	22,071,202
Total income as per profit and loss account	-	-	1,097,662,762
Operating expenses	1,021,671,412	154,504,188	1,176,175,601
Unallocated expenses	-	-	3,205,796
Operating profit	45,841,381	(146,425,420)	(81,718,635)
Segment result	45,841,381	(146,425,420)	(81,718,635)
Segment assets	534,614,180	309,071,939	843,686,119
Segment liabilities	120,433,059	86,579,763	207,012,822
Net assets	414,181,121	222,492,176	636,673,297
Fixed assets addition during the year	2,753,550	93,296,941	96,050,491
Depreciation on fixed assets during the year	12,270,307	5,146,623	17,416,930

Retail broking activity is started during the financial year 2010-11, so corresponding figures for segment reporting for financial year 2009-10 is not applicable. Previous year there was only one reportable segment.

4. Related Party Disclosures

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

Holding Company	Axis Bank Limited
Key Management Personnel	Mr. Arun Thukral (Joint Managing Director) (From 22.04.2010) Mr. Modan Saha (Joint Managing Director) Mr. Sanjay Silas (Managing Director) (Upto 16.04.2010)
Fellow Subsidiary	Axis Private Equity Limited Axis Mutual Fund Trust Limited Axis Trustee Services Limited Axis Asset Management Company Limited
Joint Venture of Holding Company	Bussan Auto Finance India Private Limited

Axis Securities and Sales Limited
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Particulars	Holding Company	Fellow Subsidiary	Key Management Personnel	Total
Income				
Business Sourcing Fee Income	522,054,240	-	-	522,054,240
	(599,096,234)	(-)	(-)	(599,096,234)
Resource Management Fee	482,620,372	57,486,018	-	540,106,390
	(343,342,513)	(16,503,890)	(-)	(359,846,403)
Bank Interest	21,967,339	-	-	21,967,339
	(3,158,264)	(-)	(-)	(3,158,264)
Other Reimbursement	2,021,795	-	-	2,021,795
	(24,792)	(-)	(-)	(24,792)
Brokerage Income (Mr. Modan Saha)	-	-	80	80
	(-)	(-)	(-)	(-)
Brokerage Income (Mr. Arun Thukral)	-	-	51	51
	(-)	(-)	(-)	(-)
Expenses				
Salaries (Mr. Arun Thukral)	-	-	6,187,925	6,187,925
	(-)	(-)	(-)	(-)
Salaries (Mr. Modan Saha)	-	-	6,091,492	6,091,492
	(-)	(-)	(1,923,636)	(1,923,636)
Salaries (Mr. Sanjay Silas)	-	-	482,587	482,587
	(-)	(-)	(4,621,594)	(4,621,594)
Reimbursement for Operating Exp.	20,173,291	-	26,571	20,199,862
	(12,110,545)	(-)	(11,399)	(12,121,944)
Reimbursement for Capital expenditure	52,509,825	-	-	52,509,825
	(-)	(-)	(-)	(-)
Other Reimbursement	-	-	130,931	130,931
	(-)	(-)	(482,438)	(482,438)
Nominee Director Sitting Fees	10,500	-	-	10,500
	(6,750)	(-)	(-)	(6,750)

Axis Securities and Sales Limited
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Other Transactions				
	2,519,454	-	-	2,519,454
Sale of Fixed Assets (WDV)	(959,295)	(-)	(-)	(959,295)
	-	-	-	-
Security Deposits Refunded	(49,584)	(-)	(-)	(49,584)
	500,000,000	-	-	500,000,000
Share Capital Issued	(-)	(-)	(-)	(-)
			109,851	109,851
Securities Turnover (Mr. Modan Saha)	(-)	(-)	(-)	(-)
	-	-	10,350	10,350
Securities Turnover (Mr. Arun Thukral)	(-)	(-)	(-)	(-)
Balances outstanding as at the year end				
	399,368,564	-	-	399,368,564
Fixed Deposit (including interest accrued)	(69,720,394)	(-)	(-)	(69,720,394)
	40,901,351	-	-	40,901,351
Current Account	(11,347,675)	(-)	(-)	(11,347,675)
	10,931,801	-	-	10,931,801
Other Payables	(4,423,470)	(-)	(-)	(4,423,470)
	153,623,453	4,290,340	-	157,913,793
Accounts Receivable (for services rendered)	(84,107,504)	(-)	(-)	(84,107,504)

*Figures in bracket pertain to previous year

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

5. Leases

Operating Lease:

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

Axis Securities and Sales Limited
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	Operating Lease	
	2010-11 (Rs.)	2009-10 (Rs.)
Minimum lease payments :		
Not later than one year	60,412,550	47,412,666
Later than one year but not later than five years	170,862,501	143,879,218
Later than five years	26,825,650	45,718,806
Lease payment for the year	53,171,344	40,531,890

6. Gratuity and other benefit plans

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

The following tables summarize the components of net benefit expense recognized in the Profit and Loss Account and the funded status and amounts recognized in the balance sheet for the respective plans.

Net employee benefit expense (recognized in employee cost)

	Gratuity	Gratuity
	2010-11 (Rs.)	2009-10 (Rs.)
Current service cost	2,055,954	843,920
Interest cost on benefit obligation	350,918	128,145
Expected return on plan assets	(155,011)	(115,693)
Net actuarial (gain)/ loss recognised in the year	(1,618,158)	1,180,824
Past service cost	-	-
Net benefit expense	633,703	2,037,196
Actual return on plan assets	95,267	78,761

Axis Securities and Sales Limited
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Balance sheet

Details of Provision for gratuity

	Gratuity		Leave Encashment	
	2010-11 (Rs.)	2009-10 (Rs.)	2010-11 (Rs.)	2009-10 (Rs.)
Defined benefit obligation	4,034,685	3,309,372	816,618	867,168
Fair value of plan assets	(1,866,222)	(1,074,612)	-	-
	2,168,463	2,234,760	816,618	867,168
Less: Unrecognised past service cost	-	-	-	-
Plan liability	2,168,463	2,234,760	816,618	867,168

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

	Gratuity	Gratuity
	2010-11 (Rs.)	2009-10 (Rs.)
Opening defined benefit obligation	3,309,372	1,193,415
Interest cost	350,918	128,145
Current service cost	2,055,954	843,920
Benefits paid	(3,657)	-
Actuarial (gains)/losses on obligation	(1,677,902)	1,143,892
Closing defined benefit obligation	4,034,685	3,309,372

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

	Gratuity	
	2010-11 (Rs.)	2009-10 (Rs.)
Opening fair value of plan assets	1,074,612	845,851
Expected return	155,011	115,693
Contributions by employer	700,000	150,000
Benefits paid	(3657)	-
Actuarial gains/(losses)	(59,744)	(36,932)
Closing fair value of plan assets	1,866,222	1,074,612

The Company expects to contribute Rs 2,000,000 for gratuity in 2011-12.

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

	Gratuity	
	2010-11	2009-10
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	
	2010-11	2009-10	2010-11	2009-10
	%	%	%	%
Discount rate	7.80	6.55	7.80	6.55
Expected rate of return on assets	7.50	7.50	-	-
Employee turnover	60	30	60	30

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

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

	Gratuity				
	2011	2010	2009	2008	2007
Defined benefit obligation	4,034,685	3,309,372	1,193,415	698,775	60,410
Plan assets	1,866,222	1,074,612	845,851	444,527	407,823
Surplus / (deficit)	(2,168,463)	(2,234,760)	(347,564)	(254,248)	347,413
Experience adjustments on plan liabilities	1,478,374	1,188,759	(768,844)	179,747	-
Experience adjustments on plan assets	(59,744)	(36,932)	(1,610)	6,205	-

7. 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 March 31st, 2011 and March 31st 2010 are Rs. 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.

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

	2010-11	2009-10
	(Rs.)	(Rs.)
Commitment for addition/acquisition of HR software	-	162,500
Commitments for Broking & LMS Software	13,490,000	-

9. Supplementary Statutory Information

Managerial Remuneration	2010-11	2009-10
	(Rs.)	(Rs.)
Salaries and bonus	12,185,498	6,130,587
Contribution to Superannuation fund	240,230	147,308
Perquisites	177,991	584,403
Contribution to Provident fund	288,276	176,770
Total	12,981,995	7,039,068

Axis Securities and Sales Limited
(Formerly known as Axis Sales Limited)

- (a) The Company’s Managing Director and Joint Managing Directors are on deputation from the Bank. Accordingly, the Bank determines the terms and condition of remuneration of the Managing Director and Joint Managing Directors in accordance with the applicable scale and grade in the Bank.
 - (b) The statement showing computation of net profit in accordance with section 349 of the Companies Act, 1956, as required in terms of Para 4A of Part II of Schedule VI of the Companies Act, 1956, has not been given, as no commission is payable to the Managing Director and Joint Managing Directors.
 - (c) The Company has incurred managerial remuneration in excess of the limits specified by the relevant provisions of the Companies Act, 1956. The Company had made an application to the appropriate regulatory authorities for payment of such excess remuneration payable to Mr. Modan Saha and Mr. Arun Thukral, Joint Managing Directors of the Company. The Company however has received an approval of a lower amount aggregating to Rs. 4,003,646 p.a. for Mr. Modan Saha and Rs. 4,684,124 p.a. for Mr. Arun Thukral as managerial remuneration. The Company has made representations to the appropriate regulatory authority requesting ratification of the managerial remuneration as per the initial application. Pending the final outcome of the Company’s representation, no adjustments have been made to these financial statements.
 - (d) As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.
- 10.** Contingent Liability for fringe benefit tax as per intimation u/s 115WE of Income Tax Act is Rs.NIL (previous year Rs. 3,108,990) for which the Company have made a payment of Rs.2,681,500. Hence there is contingent liability of Rs.NIL (Previous year Rs.427,490).

11. Earnings per share:

The computation of earnings per share is given below

	2010-11 (Rs.)	2009-10 (Rs.)
Basic and Diluted		
Weighted average number of equity shares outstanding during the year	64,849,315	30,000,000
Net (Loss)/Profit	(81,718,634)	75,949,959
Basic & diluted earnings / (loss) per share (Rs.)	(1.26)	2.53

Axis Securities and Sales Limited
(Formerly known as Axis Sales Limited)

12. (a) Opening and closing stock

Category	Opening Stock		Closing Stock	
	Quantity	Value	Quantity	Value
Equity shares	Nil	Nil	Nil	Nil

(b) Purchases and sales

Category	Purchase		Sales	
	Quantity	Value	Quantity	Value
Equity shares	800	171,615	800	159,220

13. On 17 November 2010, the Boards of Directors of Axis Bank Limited (the Bank) and the Company have approved the acquisition of certain businesses of Enam Securities Private Limited (ESPL) by the Company, by way of a demerger subject to the receipt of necessary approvals under applicable law from various regulatory authorities, which is awaited.

Pursuant to the Scheme of Arrangement under Sections 391 to 394 and other relevant provisions of the Companies Act 1956, the Bank will issue 1,37,82,600 shares in the ratio of 5.7 equity shares for every 1 equity share held by the shareholders of ESPL.

14. Previous Year Comparatives

Previous year figures have been regrouped where necessary to conform to this year's classification.

For and on behalf of the Board of Directors

Sisir Kumar Chakrabarti
Chairman

Arun Thukral
Joint Managing Director

Modan Saha
Joint Managing Director

Place: Mumbai
Date: 8 April 2011

Deepti Khandelwal
Company Secretary