

Axis Capital Limited

DIRECTORS' REPORT

DEAR MEMBERS,

The Directors are pleased to present the Eleventh Annual Report on the business and operations of the Company along with the Audited Financial Statements for the Financial Year ended 31st March, 2017.

FINANCIAL PERFORMANCE:

During the year, the Company achieved a total income of Rs.343.6 crores.

The Financial Results of the Company for the year ended 31st March 2017 are given below:

(figures in Rs. Crores)

Particulars	2016-2017	2015-2016
	Amount	Amount
Operating Income(A)	315.3	309.4
Interest Income on Fixed Deposits and Miscellaneous Income (B)	27.8	43.2
Total Income (A)+(B)	343.1	352.6
Operating Expenses	171.1	162.7
Profit/(Loss) before Depreciation, provisions for tax & Write Back/Off	172.0	189.9
Depreciation	0.4	0.3
Less : -Short /Excess Provision of earlier years Written off / Written Back	-0.5	-1.5
Provisions for Tax	58.9	63.5
Profit / (Loss) After Tax	113.2	127.6
Balance carried to Balance Sheet *	113.2	127.6

Axis Capital Limited

TRANSFER TO RESERVES

During the year under review, Company did not transfer any amount to the Reserve.

BUSINESS OVERVIEW AND REVIEW OF OPERATIONS

OPERATIONS

Your Company is presently engaged in two lines of business namely Investment Banking, and Institutional Equities. The Investor solution team was integrated with the Bank's wealth management business to help provide better solutions & services to high net worth clients.

Investment Banking

- Axis Capital's Investment Banking division posted yet another impressive year by completing 35 transactions in Equity Capital Market and Advisory businesses which include IPOs, QIPs, Rights offerings, Buybacks, Open Offer, OFS, Blocks, M&A, Private Equity and Structured Finance, aggregating to about INR 1,32,135 crore.
- We completed 18 ECM transactions during the year including 10 IPOs, 1 QIP, 3 Buybacks and 4 other ECM transactions. We also completed 6 out of the 10 largest IPOs during the year, maintaining dominance in domestic ECM market with a market share of ~9.2%. Some of the marquee transactions for the year include IPOs of Avenue Supermarts (D'Mart), Equitas, BSE, Endurance Technologies and the QIP of Hindalco Industries Limited. FY17 was one of the best years for IPO investors, with Axis Capital led IPOs delivering ~77% returns on an average.



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- Our marketing and regulatory teams did an outstanding job across deals. We outdid competition on procurement across investor categories in most of the deals concluded during the year. Given our regulatory expertise and experience, we also emerged as the most preferred left lead banker on the street.
- During the year, we closed 7 Private Equity transactions – We were the sole financial advisor to AGC holdings, an Essar Company, in selling their BPO business – Aegis to Capital Square Partners for ~INR 2010 crore. We also advised AU Financiers in selling their housing finance business – AU Finance to Kedaara and Partners group for INR 950 crore. We also closed 4 more secondary block transactions in IEX, with this, we have placed ~40% of IEX in the last 18 months.
- The M&A and advisory practice had a good year wherein we were associated with marquee transactions like Idea Cellular’s merger with Vodafone India, reorganization of the API business of Strides Shasun Group, merger of Dalmia Bharat with OCL India, separation of the Tube Investment’s industrial and financial businesses, merger of Hinduja Foundries with Ashok Leyland, business reorganization of Balaji Telefilms and Murugappa Group’s sugar business. Repeat business from satisfied clients (e.g. Tractors India Pvt Ltd, availed our advisory services for the management Buy-out as well as for inducting a strategic partner) demonstrated the team’s ability to win their trust by delivering superior results.
- During the year, the structure financed team expanded its reach to new clients and investors across geographies. We acted as arrangers for transactions worth more than INR 865 crores devising innovative solutions for clients. We intend to further build our capabilities in the coming year.



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INSTITUTIONAL BROKING

The year FY17 saw brisk activity in the equities market – foreign portfolio flows turned positive once again with net inflows of over Rs. 55,700crs and domestic equity mutual funds, including ETFs saw net inflows of over Rs.82,600 crs in the first 11 months of the year. Against this in FY16 foreign portfolio saw out flows of over Rs.14,000 crs.

We are witnessing increasing move to ETFs by investors which is not a focus for our Company. In addition institutions that trade through us also are moving a greater part of their volumes through low touch DMA. We therefore estimate that the total addressable institutional volumes would have gained by ~4% during FY17. Against that decline our total volumes grew by 8% and therefore our market share has moved up over the previous year.

Even against this difficult backdrop our brokerage income has seen a 24% jump aided, quite significantly, by a large block trade of ~ Rs.4,280 crs. Our total block volumes have increased significantly this year to around Rs. 30,000 crs. In addition during the year we have added more than 14 marquee institutional accounts (covering more than 140 sub accounts) and they would help us garner more business next year.

DIVIDEND

For the financial year 2016-17, 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 2016-17.



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SUBSIDIARIES:

There are no subsidiaries of the Company.

MATERIAL CHANGE AND COMMITMENT

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

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.



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

Risk Management is a key function in the company. Real-time monitoring of overall exposure of the Company is required from the point of view of Risk Control. In volatile markets, robust Risk Management policies and infrastructure are must. 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 as well as by the Board of Directors. The framework is also consistent on the framework adopted by the parent Bank.

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.



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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. 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.

Mrs. 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.



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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 not present for two Board Meetings & Mr. Srinivasan Varadarajan who was not present for one Board Meeting for which leave of absence was granted by the Board in their respective meetings, all the Directors were present for all meetings.



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

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

The Board adopted a formal evaluation mechanism for evaluating its performance and as well as that of its Committees and individual directors, including the Chairman of the Board. The exercise was carried out by feedback survey from each directors covering Board functioning such as composition of Board and its Committees, experience and competencies, governance issues etc. Separate Exercise was carried out to evaluate the performance of individual directors including the Chairman of the Board who were evaluated on parameters such as attendance, contribution at the meeting etc.

STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORs UNDER SECTION – 149 (6)

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



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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), was re-appointed as Managing Director & CEO with effect from 15.11.2016 for a period of 5 (Five) years. Further Mr. Bhavesh Rupani resigned as CFO w.e.f 25.08.2016 and Mr. Neelesh Baheti was appointed as CFO w.e.f 25.08.2016.

COMMITTEES

i. AUDIT COMMITTEE

The Audit Committee 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 consists of Mr. Manish Chokhani, Mr. Samir Barua, Mr. BahramVakil and Mr. Srinivasan Varadarajan.

iii. RISK MANAGEMENT COMMITTEE

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

iv. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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



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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.



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PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT UNDER SECTION- 186

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



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

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.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS PURSUANT TO SECTION 143(12) OF THE COMPANIES ACT, 2013

During the year under review, there were no incidences of fraud reported by Auditors.

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), Axis Foundation 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 of Projects undertaken are attached herewith as Annexure C and forms part of this Report.



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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. The details whereof are attached herewith as Annexure D.

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 31st March 2017.
- 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.



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

COMPLIANCES

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

AUDITORS

i. STATUTORY AUDITORS

M/s S.R.Batliboi & Co. LLP, Chartered Accountants, Mumbai, FRN (301003), Statutory Auditors of the Company, 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. As they will be completing their full term of 3 years, in terms in terms of the provisions of the Companies Act, 2013, they would not be eligible to be appointed. Your Company proposes to appoint M/s. Haribhakti & Co. LLP as the Statutory Auditors for a period of 5 years from the conclusion of the current Annual General Meeting. The Audit Committee and the Board has approved their appointment and have recommended their appointment to the members of the Company. The resolution recommending their appointment will be placed before the shareholders in the ensuing Annual General Meeting



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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 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 E”.

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 & Co., Chartered Accountants, (FRN: 104674W) to undertake the Internal Audit of the Company for the financial year under review.

OBSERVATIONS OF STATUTORY AUDITORS

The observations / qualifications / disclaimers made by the Statutory Auditors in their report for the financial year ended 31st March 2017 read with the explanatory notes therein are self-explanatory and therefore, do not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.



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OBSERVATIONS OF SECRETARIAL AUDIT REPORT

Board's reply on Observation of Secretarial Auditor specified in the Secretarial Audit Report (Annexure 'E' hereto) are as under:

1. 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.
2. Observation w.r.t SEBI Adjudication Order levying Penalty of Rs.1.00 Crore on the BRLMs (your Company being one of them) is concerned, the Company has preferred an Appeal with the SAT and hearing of the matter has not yet began.

The other observations / qualifications / disclaimers made are self-explanatory and therefore, do not call for any further explanation or comments from the Board.

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.



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FUTURE OUTLOOK

In the Investment Banking business, as a result of aggressive business development activities, we have won several new mandates across the spectrum of products. We start the new fiscal year with an impressive pipeline – we have more than 23 live ECM mandates (out of which 21 mandates were won in FY17), 22 M&A and Advisory mandates, 6 PE mandates, and 3 Structured Finance mandates (all mandates won in FY17). We therefore hope to significantly better our performance this year.

- Global markets returned to stability towards second half of the current Financial year and even de-monetization refused to slow the markets down. Victory for BJP in Uttar Pradesh, India's largest state was seen as an affirmation of Prime Minister Modi's policies especially since the assembly polls were held in the backdrop of de-monetization. With massive inflows FIIs pumped Rs.55,703 crore into domestic equities during the financial year ended March 31, 2017 against a net outflow of Rs.14,172 crore during FY16. Indian Equity markets have touched all time high and given political stability in the country, strong inflows and no major event in the foreseeable future, we expect FY 18 to be one of the best years for Indian Equity capital markets.
- With improved environment along with robust flows should help us improve market share and revenues in the coming fiscal, markets permitting.

The future scenario on commissions and yields looks daunting. European investors have moved to a new set of regulations (MIFID) that impacts the sell side quite adversely and dramatically. We believe these regulations will increasingly be used by funds across the globe thereby driving commission yields further downwards. The next few years therefore be a time of consolidation for the sell side firms – and it is in tough times like this that Axis Capital has thrived and grown stronger.



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PREVENTION OF SEXUAL HARASSMENT

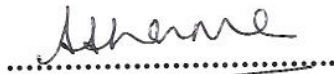
During the year under review, Company had not received any Complaint in respect of Sexual Harassment.

ACKNOWLEDGEMENT

Your Directors would like to express their gratitude for all the guidance and co-operation received from Axis Bank. Your Directors would like to place on record their gratitude and thanks to the esteemed clients, Bankers, 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



CHAIRMAN/CHAIRPERSON

Place: Mumbai

Date: ..MAY 10, 2017



Extract of Annual return**Form MGT 9****As on the financial year ended on March 31, 2017***[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]***. 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: -(1) Public Company-(2) Private company-**SUB CATEGORY OF THE COMPANY:**

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 th Floor
Town / City :	Wadia International Centre, Pandurang Budhkar Marg, Worli
District :	Mumbai
State :	Maharashtra
Telephone :(With STD Area Code Number)	+9122 4325 1199
Pin Code	400025



Fax Number :	+9122 4325 3000
Email Address :	Natarajan.mahadevan@axiscap.in
Website (if any)	www.axiscap.in

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

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

Name of Registrar & Transfer Agents:

Address :	Karvy Computershare Pvt Limited
Town / City :	17-24 VithalRao Nagar Madhapur
District :	Hyderabad
State :	Telangana
Telephone :(With STD Area Code Number)	+91 04044655265
Pin Code	500081
Fax Number :	+91 44655265
Email Address :	Ramchandra.v@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:-

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Merchant Banking	67110	66.0%
2	Stock Broking	67120	32.5%
3	Mutual Fund advisory and treasury	67190	

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 TRISHUL 3RD	L65110GJ1993PLC020769	Holding Company	100%	Sec. 2(87)

	FLOOR OPP SAMARTHESHWA R TEMPLE LAW GARDEN ELLISBRIDGE AHMEDABAD 380006				

*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	*73500000	Nil	*73500000	100%	*73500000	Nil	*73500000	100%	NIL
f) Any									

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

Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions									
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	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			Shareholding at the end of the year			% change in shareholding 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
	Total	*73500000	100%	Nil	*73500000	100%	Nil	Nil

*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				
Total (i+ii+iii)				
Change in Indebtedness during	NIL	NIL	NIL	NIL



the financial year <input type="checkbox"/> Addition <input type="checkbox"/> Reduction				
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl.No.	Particulars of Remuneration	Name of MD	Total Amount (Amt. in Rs.)
		Dharmesh Mehta	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,24,23,800	2,24,23,800
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	76,200	76,200
	(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 Variable Incentives Ex- gratia 14-15 paid in 16-17 Ex- gratia 15-16 paid in 16-17	40,41,498 3,75,00,000	4,15,41,498
	Total (A)	6,40,41,498	6,40,41,498



	Ceiling as per the Act *5% of the net profit calculated as per Section 198		86,763,746

B. REMUNERATION TO OTHER DIRECTORS:

Sl. no.	Particulars of Remuneration	Name of Directors	Total Amount
	1. Independent Directors		
	<input type="checkbox"/> Fee for attending board / committee meetings	Prof. Samir Barua Mr. BehramVakil Mr. Manish Chokhani	5,50,000 50,000 5,00,000
	<input type="checkbox"/> Commission		NIL
	<input type="checkbox"/> Others, please specify		NIL
	Total (1)		11,00,000
	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	CFO	CFO	Total (Amt. in Rs.)
		Mahadevan Natarajan	Bhavesh Rupani Upto 24.08.2016	Neelesh Baheti From 25.08.2016 to 31.03.2017	
1	* Gross salary (a) Salary as per provisions contained in section 17(1) of the	87,30,834	21,20,102	36,50,385	1,45,01,321

	Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	69,162	21,611	--	90,773
	(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 :			---	
	Ex- gratia 14-15 paid in 16-17	6,01,228	2,43,303		8,44,531
	Ex- gratia 15-16 paid in 16-17	56,10,000	28,35,000		84,45,000
	Total	1,50,11,224	52,27,016	36,50,385	2,38,88,625

- Payment basis

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

For and on behalf of the Board
 Sd/-
 CHAIRMAN/ CHAIRPERSON
 DIN: 00043265

Date: 10.05.2017
 Place: Mumbai



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 arm's 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 the first proviso to section 188	:	NIL



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

<p>a) Names of the related party and nature of relationship</p>	<p>:</p>	<p>Axis Finance Limited (Associate Company) Axis Asset Management Company Limited (Associate company) Axis Bank Limited (Holding Company) Axis Securities Limited (Associate company) Axis Private Equity Limited (Associate Company)</p>
<p>(b) Nature of contracts/arrangements/transactions</p>	<p>:</p>	<ol style="list-style-type: none"> 1. Availing and Rendering of Services 2. Availing and Rendering of Services 3. Availing and Rendering of Services 4. Availing and Rendering of Services 5. Availing and Rendering of Services



© Duration of the contracts/arrangements/transactions	:	<ol style="list-style-type: none"> 1. Non Recurring 2. Non Recurring 3. Continuous 4. Continuous 5. Continuous
d) Salient terms of the contracts or arrangements or transactions including the value, if any	:	Refer Financial statements
e) Date(s) of approval by the board, if any	:	Quarterly
f) Amount paid as advances, if any	:	NIL



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 Committee will play the following role in fulfilling the Company's objectives:

The Company has framed a CSR policy in compliance with the provisions of the Companies Act, 2013. The Company believes in engaging and giving back to the community in a meaningful way and in line with the Company's commitment to philanthropy. The Company's CSR policy encompasses the Company's philosophy for undertaking socially useful programmes for welfare and sustainable development of the community at large. The Company's CSR initiatives are focused in the areas of conservation of environment, flora & fauna, wildlife conservation and community development, education, public health and livelihoods.

2. The composition of the CSR Committee – **As mentioned in the Report**
3. Average Net Profit of the Company for **last three financial years – Rs. 1,241,524,314**
4. Prescribed CSR Expenditure (two percent of the amount as per item 3 above) – **Rs. 24,830,490**
5. Details of CSR spent during the financial year:-
 - (a) Total amount spent for the financial year – **Rs. 24,850,000**
 - (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	Nil	Nil	Nil	Nil	Nil	Nil	24,850,000

6. The CSR Committee 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.

Managing Director & CEO
DIN –

(Chairman CSR Committee)
DIN -



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: 10th April, 2017.

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
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.
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JAYSHREE DAGLI & ASSOCIATES

COMPANY SECRETARIES

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2017

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

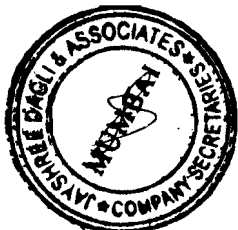
To,
**The Members,
Axis Capital Limited
Mumbai**

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 31st March, 2017 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 31st March, 2017 according to the provisions of:

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



Contd...2

Jayshree S. Joshi

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PROPRIETRESS



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JAYSHREE DAGLI & ASSOCIATES

COMPANY SECRETARIES

::2::

(ii) 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) Based on the nature of business activities of the Company, the following specific Acts / Laws / Rules / Regulations are applicable to the Company:

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

B) We have also examined compliance with the applicable clauses of the Secretarial Standards for Board Meetings (SS - 1) and for General Meetings(SS - 2).

During the year 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 FY 2010-11. The Company filed an Appeal on 19th May, 2016 with Securities Appellant Tribunal (SAT) in respect thereof.**

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;



Contd 3.

Jayshree S. Joshi

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JAYSHREE DAGLI & ASSOCIATES

COMPANY SECRETARIES

:: 3 ::

- (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.]

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 : 10th April, 2017.

For **JAYSHREE DAGLI & ASSOCIATES**
COMPANY SECRETARIES

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

Jayshree S. Joshi

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JAYSHREE DAGLI & ASSOCIATES

COMPANY SECRETARIES

Annexure-I

Table Showing Specific Events and Actions for FY 2016-17

<u>Sr.No.</u>	<u>Particulars of the Event</u>	<u>Date of Board Resolution</u>	<u>Date of General Meeting Resolution</u>
1.	Resignation of Mr. Jagdish Master as Director w.e.f. 22.02.2016.	12.04.2016	--
2.	Resignation of Mr. Bhavesh Rupani as CFO w.e.f. 25.08.2016.	18.07.2016	--
3.	Appointment of Mr. Neelesh Baheti as CFO w.e.f. 25.08.2016.	18.07.2016	--
4.	Re-appointment of Mr. Dharmesh Mehta as Managing Director for further period of 5 years from 15.11.2016	07.11.2016	--

Place : Mumbai

Date : 10th April, 2017.

For **JAYSHREE DAGLI & ASSOCIATES**
COMPANY SECRETARIES

Jayshree S. Joshi

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

**Financial Statements
for the year ended 31st March 2017**

AXIS CAPITAL LIMITED

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

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, 2017, 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 the 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, 2017, 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 the Companies (Accounting Standards) Amendment Rules, 2016;
 - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 2" 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 long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in Note 33 to these financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our enquiries, test check of the books of account and other details maintained by the Company and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Jitendra H. Ranawat
Partner

Membership Number: 103380

Place of Signature: Mumbai

Date: 12 April 2017



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) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment/ fixed assets of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company hold securities in physical and dematerialized form. Physical securities have been verified by the management during the year and 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 these verifications 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 and physical shares 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 within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (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, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to it. The provisions relating to employees' state insurance are 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, service tax, and other statutory dues applicable to it were outstanding, at the year end, for a period of more than six months from the date they became payable. The provision of sales tax, custom duty 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, 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	63,06,470	April 2001 to September 2012	Supreme Court
Income Tax	Tax and Interest	5,72,61,825	A.Y. 2012 - 2013	CIT Appeals
Income Tax	Tax and Interest	10,54,93,262	A.Y. 2013 - 2014	CIT Appeals
Income tax	Tax and Interest	6,37,376	A.Y. 2009 - 2010	CIT Appeals
Income tax	Tax and Interest	1,97,660	A.Y. 2014 - 2015	CIT Appeals

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

(viii)

In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix)

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 by the Company or no fraud / material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi)

According to the information and explanations given by the management, 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)

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, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) 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 as referred to in section 192 of Companies Act, 2013.
- (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/E300005



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

Place: Mumbai
Date: 12 April 2017



ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE 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, 2017 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 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



S.R. BATLIBOI & Co. LLP

Chartered Accountants

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, 2017, 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.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005


per **Jitendra H. Ranawat**
Partner

Membership Number: 103380

Place of Signature: Mumbai

Date: 12 April 2017



AXIS CAPITAL LIMITED

BALANCE SHEET AS AT 31 MARCH 2017

(Amount in ₹)

	Note No.	As at 31 March 2017	As at 31 March 2016
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	735,000,000	735,000,000
Reserves and surplus	4	3,375,937,505	2,863,009,814
		<u>4,110,937,505</u>	<u>3,598,009,814</u>
NON-CURRENT LIABILITIES			
Long term provisions	5	131,881,688	-
		<u>131,881,688</u>	<u>-</u>
CURRENT LIABILITIES			
Trade payables	6	7,228,479,268	2,174,221,214
Other current liabilities	7	85,677,512	54,357,692
Short term provisions	5	431,148,582	487,650,337
		<u>7,745,305,362</u>	<u>2,716,229,243</u>
		11,988,124,555	6,314,239,057
ASSETS			
NONCURRENT ASSETS			
Fixed Assets	8		
Property, plant and equipment		7,051,272	6,712,598
-Intangible assets		2,182,336	448,140
-Work in progress		235,500	1,650,000
		<u>9,469,108</u>	<u>8,810,738</u>
Deferred tax assets (net)	28	27,466,278	29,790,907
Long term loans and advances	10	95,673,917	38,656,289
Other non-current assets	11.2	55,937,149	762,045,189
		<u>179,077,344</u>	<u>830,492,385</u>
CURRENT ASSETS			
Current investments	9	1,470,683,398	-
Stock in Trade	12	2,313	5,970
Trade receivables	11.1	7,138,337,465	2,524,020,777
Cash and bank balances	13	2,592,598,516	2,811,296,073
Short-term loans and advances	10	477,860,604	21,374,705
Other current assets	11.2	120,095,807	118,238,409
		<u>11,799,578,103</u>	<u>5,474,935,934</u>
		11,988,124,555	6,314,239,057

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 / E300005

Chartered Accountants

per Jitendra H. Ranawat

Partner

Membership No. :- 103380

Place: Mumbai

Date: 12 April 2017



For and on behalf of the Board of Directors

Shikha Sharma

Shikha Sharma

Chairperson

DIN No. :- 00043265

Neelesh Baheti

Neelesh Baheti

Chief Financial Officer

Dharmesh Mehta

Dharmesh Mehta

Managing Director & CEO

DIN No. :- 06734366

M. Natarajan

M. Natarajan

Company Secretary



AXIS CAPITAL LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

(Amount in ₹)

	Note No.	For the year ended 31 March 2017	For the year ended 31 March 2016
Revenue from operation	14	3,153,350,004	3,094,051,969
Other income	15	283,138,982	447,246,138
		<u>3,436,488,986</u>	<u>3,541,298,107</u>
Employee benefit expense	16	985,152,616	967,429,631
Depreciation and amortization	17	4,092,151	3,533,446
Finance costs	18	6,455,206	602,098
Other expenses	19	719,296,599	658,700,861
		<u>1,714,996,572</u>	<u>1,630,266,036</u>
Profit/(loss) before tax		1,721,492,414	1,911,032,071
Tax expenses:			
Current tax		587,000,000	625,000,000
Deferred Tax		2,324,629	10,214,326
Total tax expense		<u>589,324,629</u>	<u>635,214,326</u>
Profit/(loss) for the year		<u>1,132,167,785</u>	<u>1,275,817,745</u>
Earning per equity share:	20		
[Nominal value per share ₹10 (31 March 2016: ₹10)]			
Basic		15.40	17.36
Diluted		15.40	17.36

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 / E300005
Chartered Accountants



per Jitendra H. Ranawat
Partner
Membership No. :- 103380
Place: Mumbai
Date: 12 April 2017



For and on behalf of the Board of Directors



Shikha Sharma
Chairperson
DIN No. :- 00043265



Neelesh Baheti
Chief Financial Officer



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



M. Natarajan
Company Secretary



AXIS CAPITAL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

Particulars	Year ended	Year ended
	31 March 2017	31 March 2016
	₹	₹
A) Cash flows from operating activities		
Profit/(loss) before taxes	1,721,492,414	1,911,032,071
Non cash & non operating adjustments:		
Profit on sale of current Investment	(71,558,785)	(109,163,867)
Interest Income	(171,680,142)	(146,300,727)
Reversal of liability no longer required	(4,992,001)	(14,739,959)
Profit on sale of Subsidiary	-	(104,174,461)
Depreciation and amortisation	4,092,151	3,533,446
Provision for doubtful advances	2,250,838	-
Provision for bad and doubtful debts	648,051	7,981,780
Bad debts and sundry balances written off	7,487,642	4,005,706
Reversal of provision of doubtful debts	(9,271,359)	(33,221)
Loss / (profit) on sale of fixed assets	(94,200)	(150,000)
Operating profit/(loss) before working capital changes	1,478,374,609	1,551,990,767
Movement in working capital:		
Decrease / (Increase) In long term loan & advances	826,733	229,837
Decrease / (increase) In short term loan & advances	(458,736,737)	7,957,805
Decrease / (Increase) in trade receivables	(4,612,426,022)	1,056,484,531
Decrease / (Increase) In inventory	3,657	256
Decrease / (Increase) fixed deposit under lien exchange	702,425,000	(197,925,000)
Increase / (decrease) in long term provisions	131,881,688	-
Increase / (decrease) In short term provisions	(56,501,755)	81,777,759
Increase / (decrease) in trade payables	5,058,487,796	(1,197,942,815)
Increase / (decrease) in other current liabilities	31,327,078	(1,527,237)
Cash generated from operations	2,275,662,047	1,301,045,903
Direct taxes paid (net of refund)	(644,844,361)	(578,180,226)
Net cash from operating activities	1,630,817,686	722,865,677
B) Cash flow from Investing activities		
Purchase of fixed assets including cwip	(4,750,521)	(3,407,903)
Proceeds from sale of fixed assets	94,200	150,000
Purchase of investments	(8,621,056,014)	(8,777,029,000)
Sale of investments	7,221,931,402	8,886,192,867
Sale of Investment in subsidiary	-	190,244,636
Investment in bank fixed deposit (net)	(806,426,492)	(556,775,000)
Interest received	173,505,784	112,395,449
Net cash used in Investing activities	(2,036,701,641)	(148,228,951)
C) Cash flows from financing activities		
Equity dividend paid	(514,500,000)	(514,500,000)
Tax on equity dividend paid	(104,740,094)	(104,740,094)
Net cash used in financing activities	(619,240,094)	(619,240,094)
Net increase in cash and cash equivalents (A+B+C)	(1,025,124,049)	(44,603,368)
Cash and cash equivalents at the beginning of the year	1,206,221,073	1,250,824,441
Cash and cash equivalents of demerged business	-	-
Cash and cash equivalents at the end of the year	181,097,024	1,206,221,073
Fixed deposits under lien	-	-
Fixed deposits (with maturity more than 90 days)	-	-
Cash and bank balance as per balance sheet	181,097,024	1,206,221,073
Components of cash and cash equivalents		
Cash in hand	64,499	65,452
With scheduled bank -		
-On current account	181,032,525	1,206,155,621
-On fixed deposit with original maturity for less than 3 months	-	-
Total	181,097,024	1,206,221,073

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 / E300005
Chartered Accountants

per Jitendra H. Ranawat
Partner
Membership No. :- 103380
Place: Mumbai
Date: 12 April 2017



For and on behalf of the Board of Directors

Shikha Sharma

Shikha Sharma
Chairperson
DIN No. :- 00043265

Neelesh Baheti
Neelesh Baheti
Chief Financial Officer

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

M. Natarajan
M. Natarajan
Company Secretary



AXIS CAPITAL LIMITED

Notes to financial statements for the year ended 31 March 2017

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.

2.1 Summary of significant accounting policies

i. Use of estimates

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

ii. 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, directly attributable cost of bringing the asset to its working 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.



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AXIS CAPITAL LIMITED

Notes to financial statements for the year ended 31 March 2017

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 of the Companies Act, 2013.
- 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 of the Companies Act, 2013.

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.

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:

Computer software

Rates (SLM)
20%



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AXIS CAPITAL LIMITED

Notes to financial statements for the year ended 31 March 2017

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.

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 -

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



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AXIS CAPITAL LIMITED

Notes to financial statements for the year ended 31 March 2017

- b. 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 -

- a. 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.
- b. Dividend income is recognized when the Company's right to receive dividend 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. Any loss on valuation is routed through statement of profit and loss.

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 expenditure, when an employee renders the related service.

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.



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AXIS CAPITAL LIMITED

Notes to financial statements for the year ended 31 March 2017

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.

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.



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AXIS CAPITAL LIMITED

Notes to financial statements for the year ended 31 March 2017

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.

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.



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AXIS CAPITAL LIMITED

Notes to financial statements for the year ended 31 March 2017

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. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.



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AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2017

3. Share capital

	31-Mar-17 ₹	31-Mar-16 ₹
Authorized shares		
175,000,000 (31 March 2016: 175,000,000) equity shares of ₹10/- each	1,750,000,000	1,750,000,000
Issued share capital		
73,500,000 (31 March 2016: 73,500,000) equity shares of ₹10/- each	735,000,000	735,000,000
Subscribed and fully paid-up shares		
73,500,000 (31 March 2016: 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-17		31-Mar-16	
	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 2017, the amount of per share dividend recognized as distributions to equity shareholders was ₹14/- (31 March 2016: ₹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-17		31-Mar-16	
	₹	% of holding	₹	% of holding
Axis Bank Limited, the holding Company and its nominees 73,500,000 (31 March 2016: 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-17		31-Mar-16	
	No. of shares	% of holding	No. of shares	% of holding
Axis Bank Limited, the holding Company and its nominees 73,500,000 (31 March 2016: 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-17 ₹	31-Mar-16 ₹
Proposed dividend on equity shares for the year ended on 31 March 2017: ₹14/- per share (31 March 2016: ₹7/- per share)	1,029,000,000	514,500,000
Dividend Distribution Tax on proposed dividend on equity shares	209,480,188	104,740,094
Total	1,238,480,188	619,240,094



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AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2017

4. Reserve & Surplus

	31-Mar-17 ₹	31-Mar-16 ₹
General Reserve		
Balance as per last financial statements	129,237,420	129,237,420
Addition	-	-
Balance at the end of the year	A 129,237,420	129,237,420
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	2,733,772,394	1,457,954,649
Profit for the year	1,132,167,785	1,275,817,745
Less: Appropriations		
Final equity dividend (amount per share ₹7/- (31 March 2016: ₹Nil))	(514,500,000)	-
Tax on equity dividend	(104,740,094)	-
Total appropriations	(619,240,094)	-
Balance at the end of the year	B 3,246,700,085	2,733,772,394
Total	(A+B) 3,375,937,505	2,863,009,814

5. Provisions

	Long-term		Short-term	
	31-Mar-17 ₹	31-Mar-16 ₹	31-Mar-17 ₹	31-Mar-16 ₹
Provision for employee benefits				
Gratuity payable	-	-	7,977,325	2,588,575
Provision for leave	-	-	1,116,656	1,108,165
Provision for bonus	131,881,688	-	421,294,318	483,835,471
	131,881,688	-	430,388,299	487,532,211
Other provisions				
Lease equalization	-	-	760,283	118,126
	-	-	760,283	118,126
Total	131,881,688	-	431,148,582	487,650,337

6. Trade Payables

	31-Mar-17 ₹	31-Mar-16 ₹
Trade payables	7,228,479,268	2,174,221,214
Total	7,228,479,268	2,174,221,214

7. Others current liabilities

	31-Mar-17 ₹	31-Mar-16 ₹
Expense creditors		
-Due to holding company 'Axis Bank Limited'	8,582,326	4,801,397
-Due to others	31,199,658	25,408,632
Undisputed statutory dues	45,895,528	24,147,663
Total	85,677,512	54,357,692



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AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2017

8. Fixed Assets

Assets	Gross Block					Depreciation				Net Block	
	As at 31 March, 2016	Additions during the year	Deductions during the year	As at 31 March, 2017	As at 31 March, 2016	Charge for the year	Deductions during the year	As at 31 March, 2017	As at 31 March, 2017	As at 31 March, 2017	As at 31 March, 2016
Tangible assets											
Furniture	265,996	-	-	265,996	101,925	22,848	-	124,773	141,223	164,071	
Office Equipments	2,091,876	-	-	2,091,876	1,738,890	136,553	-	1,875,443	216,433	352,986	
Printers etc.	345,631	14,500	-	360,131	315,485	14,548	-	330,033	30,098	30,146	
Fax, UPS, Batteries etc.	74,648	-	-	74,648	74,648	-	-	74,648	-	-	
EPABX etc.	1,370,442	-	-	1,370,442	446,393	122,284	-	568,677	801,765	924,049	
Others	33,932,547	4,109,212	3,979,561	34,062,198	28,691,201	3,488,805	3,979,561	28,200,445	5,861,753	5,241,346	
Computers	13,066	-	-	13,066	13,066	-	-	13,066	-	-	
Vehicles	38,094,206	4,123,712	3,979,561	38,238,357	31,381,608	3,785,038	3,979,561	31,187,085	7,051,272	6,712,598	
Intangible assets											
Software	700,219	2,041,309	-	2,741,528	252,079	307,113	-	559,192	2,182,336	448,140	
Intangible assets under development	1,650,000	615,000	2,029,500	235,500	-	-	-	-	235,500	1,650,000	
Total	40,444,425	6,780,021	6,009,061	41,215,385	31,633,687	4,092,151	3,979,561	31,746,277	9,469,108	8,810,738	
Previous Year	37,758,777	3,407,903	722,255	40,444,425	28,822,496	3,533,446	722,255	31,633,687	8,810,738	8,936,281	

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AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2017

9. Investment

	Non-current		Current	
	31-Mar-17 ₹	31-Mar-16 ₹	31-Mar-17 ₹	31-Mar-16 ₹
Units of Mutual Funds (fully paid) (Unquoted, valued at lower of cost and fair value)				
Axis short Term Fund – Direct - Growth*	-	-	575,378,329	-
Axis Banking & PSU Debt Fund – Direct - Growth	-	-	221,705,069	-
Birla Sun Life Savings Fund - Regular - Growth*	-	-	250,100,000	-
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Plan - Regular*	-	-	423,500,000	-
Total	-	-	1,470,683,398	-

* Pledged with Stock Exchanges

Aggregate amount of unquoted investments ₹1,470,683,398 (31 March 2016: ₹Nil) [Market value: ₹1,507,057,936 (31 March 2016: ₹Nil)]

10. Loans and advances

	Non-current		Current	
	31-Mar-17 ₹	31-Mar-16 ₹	31-Mar-17 ₹	31-Mar-16 ₹
Security/margin deposit				
Unsecured, considered good	18,636,500	19,146,500	450,010,000	10,000
A	18,636,500	19,146,500	450,010,000	10,000
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	18,368,091	11,393,541
Provision for doubtful advances	-	-	(2,250,838)	-
B	-	-	16,117,253	11,393,541
Other loans and advances (Unsecured, considered good)				
Loans to employees	-	-	28,360	957,000
Advance income-tax (net of provision)	77,029,421	19,185,059	-	-
Prepaid expenses	7,996	324,730	4,764,991	3,889,100
Balance with statutory/government authorities	-	-	6,940,000	5,125,064
C	77,037,417	19,509,789	11,733,351	9,971,164
Total	95,673,917	38,656,289	477,860,604	21,374,705



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AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2017

11. Trade receivables and other assets

11.1 Trade receivables

	Non-current		Current	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	₹	₹	₹	₹
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	-	393,075
Doubtful	-	-	8,989,136	19,111,160
	-	-	8,989,136	19,504,235
Provision for doubtful receivables	-	-	(8,282,152)	(16,905,460)
A	-	-	706,984	2,598,775
Other receivables				
Unsecured, considered good	-	-	7,137,630,481	2,521,422,002
Doubtful	-	-	-	-
	-	-	7,137,630,481	2,521,422,002
Provision for doubtful receivables	-	-	-	-
B	-	-	7,137,630,481	2,521,422,002
Total (A+B)	-	-	7,138,337,465	2,524,020,777

11.2 Other assets

	Non-current		Current	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	₹	₹	₹	₹
Unsecured, considered good unless stated otherwise				
Non-current bank balances	54,675,000	757,100,000	-	-
Others				
Interest accrued on fixed deposits	1,262,149	4,945,189	120,095,807	118,238,409
Total	55,937,149	762,045,189	120,095,807	118,238,409

12. Stock in trade

	31-Mar-17	31-Mar-16
	₹	₹
Opening	5,970	6,226
Purchase	842,190,771	323,364,836
Sale	841,584,386	322,826,807
Closing	2,313	5,970

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

13. Cash and bank balances

	Non-current		Current	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	₹	₹	₹	₹
Cash and cash equivalents				
-Cash on hand	-	-	64,499	65,452
Balances with banks:				
- On current accounts	-	-	181,032,525	1,206,155,621
A	-	-	181,097,024	1,206,221,073
Other bank balances				
- Deposits with original maturity for more than 12 months	-	155,600,000	751,168,159	-
- Deposits with original maturity for more than 12 months under lien	54,675,000	601,500,000	1,660,333,333	1,605,075,000
B	54,675,000	757,100,000	2,411,501,492	1,605,075,000
Amount disclosed under non-current assets (note 11.2) C	54,675,000	757,100,000	-	-
Total (A+B-C)	-	-	2,592,598,516	2,811,296,073



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AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2017

14. Revenue from operations

	For the year ended 31 March 2017 ₹	For the year ended 31 March 2016 ₹
Fees from advisory services and other professional services	1,859,555,959	1,976,453,877
Brokerage income	1,293,794,045	1,117,598,092
Total	3,153,350,004	3,094,051,969

15. Other Income

	For the year ended 31 March 2017 ₹	For the year ended 31 March 2016 ₹
Profit on sale of current investment/devolved securities/dealing error	70,308,666	105,448,784
Interest Income	204,443,064	205,390,712
Reversal of liability no longer required	4,992,001	14,739,959
Miscellaneous Income	3,395,251	17,492,222
Profit on sale of Subsidiary	-	104,174,461
Total	283,138,982	447,246,138

16. Employee benefits expense

	For the year ended 31 March 2017 ₹	For the year ended 31 March 2016 ₹
Salaries, wages and bonus	967,264,879	954,889,276
Contribution to provident and other funds	4,166,339	3,188,538
Gratuity expense	7,977,325	2,588,575
Staff welfare expenses	5,744,073	6,763,242
Total	985,152,616	967,429,631

(Net of previous year excess bonus provision ₹103,176,006 (31 March 2016: ₹63,835,471))

17. Depreciation and amortization expense

	For the year ended 31 March 2017 ₹	For the year ended 31 March 2016 ₹
Depreciation of tangible assets	3,785,038	3,393,402
Amortization of Intangible assets	307,113	140,044
Total	4,092,151	3,533,446

18. Finance costs

	For the year ended 31 March 2017 ₹	For the year ended 31 March 2016 ₹
Interest on overdraft	6,455,206	602,098
Total	6,455,206	602,098



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AXIS CAPITAL LIMITED

Notes to Financial Statements for the year ended 31 March 2017

19. Other expenses

	For the year ended 31 March 2017 ₹	For the year ended 31 March 2016 ₹
Stamp duty	25,027,954	24,774,246
Trade confirmation charges	38,334,992	39,320,779
Brokerage expenses	331,275,871	252,634,466
Stock exchange expenses	30,658,191	27,321,596
Printing and stationery	4,781,083	7,185,638
Electricity & water charges	8,718,406	10,712,944
Rent	74,498,935	43,027,348
Repairs & maintenance - others	9,885,746	17,043,236
CSR expenditure	24,850,000	15,500,000
Insurance	1,275,455	819,415
Rates and taxes	5,906,711	5,842,153
Professional fees	20,796,819	81,549,324
Deputation expenses	27,887,915	17,324,693
Software expenses	508,766	715,765
Telephone, fax & Internet	9,155,117	8,011,290
Foreign exchange loss	1,875,246	160,386
Travelling & conveyance expenses	39,700,356	31,872,684
Director's sitting fees	1,105,500	1,254,750
Auditors remuneration:		
- For audit	2,100,000	1,959,750
- Other	12,363	64,000
Miscellaneous expenses	61,887,154	59,652,133
Provision for doubtful advances	2,250,838	-
Bad debts		
- Provision for bad and doubtful debts	648,051	7,981,780
- Bad debts written off	5,426,489	4,005,706
- Reversal of provision of doubtful debts	(9,271,359)	(33,221)
Total	719,296,599	658,700,861



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AXIS CAPITAL LIMITED

Notes to financial statements for the year ended 31 March 2017

20. Earnings per Share (EPS)

	2016 - 2017	2015 - 2016
	₹	₹
Profit/ (loss) after tax	1,132,167,785	1,275,817,745
Net profit/ (loss) for calculation of basic EPS and diluted EPS	1,132,167,785	1,275,817,745
	No.	No.
Weighted average number of equity shares in calculating diluted EPS	73,500,000	73,500,000
Earnings per share (Basic and diluted) (in ₹)	15.40	17.36

21. Contingent Liabilities

	31 March 2017	31 March 2016
	₹	₹
(A) Claims against the Company not acknowledged as debts*	2,500,000	2,500,000
(B) Claims against the Company not acknowledged as debts**		
- For Service Tax	256,625,942	256,625,942
- For Income Tax	6,180,770	78,605,099
- For Property Tax	6,306,570	6,306,570
Total	271,613,282	344,037,611

*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 interest expense of ₹527,000 on penalty of ₹3,333,334 (31 March, 2016: ₹3,333,334) 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*

	2016 - 2017	2015-2016
	₹	₹
a) Expenditure in foreign currency : travelling and others	40,872,937	27,217,353
b) Other income (expense) includes profit(loss) on account of conversion of foreign currency	(1,875,279)	(160,386)
c) Income in foreign currency : professional fees	296,807,758	185,207,169

*Based on accrual basis



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AXIS CAPITAL LIMITED

Notes to financial statements for the year ended 31 March 2017

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) Mr. Mitesh Mehta (Relative of Director) Mr. Natarajan Mahadevan (Company Secretary) Mr. Bhavesh Rupani (Chief Financial Officer till 24/08/2016) Mr. Neelesh Baheti (Chief Financial Officer w.e.f. 25/08/2016)
Subsidiary	Axis Securities Europe Limited ("ASEL") (Till 19/08/2015)
Fellow Subsidiary	Axis Private Equity Limited ("APEL") Axis Mutual Fund Trustee Limited ("AMFTL") Axis Trustee Services Limited ("ATSL") Axis Asset Management Company Limited ("AAMCL") Axis Bank UK Limited ("ABUKL") Axis Finance Limited ("AFL") Axis Securities Limited ("ASL") Axis Securities Europe Limited ("ASEL") (w.e.f. 20/08/2015) A.Treds Limited ("ATL") (w.e.f. 23/05/2016)

Transactions with related parties

Particulars	Holding Company	Subsidiary Company	Fellow Subsidiary	Key Management Personnel	Total
	(₹)	(₹)	(₹)	(₹)	(₹)
Income					
Brokerage Income	2,537,947 (858,023)	-	-	-	2,537,947 (858,023)
Brokerage Income (AAMCL)	-	-	758,392 (8,677,993)	-	758,392 (8,677,993)
Brokerage Income (ASL)	-	-	12,400,000	-	12,400,000
Bank interest	156,788,117 (144,824,016)	-	-	-	156,788,117 (144,824,016)
Other reimbursement (APEL)	-	-	300,000	-	300,000
Advisory Income	-	-	-	-	-



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AXIS CAPITAL LIMITED

Notes to financial statements for the year ended 31 March 2017

(ASL)	-	-	-	-	-
Service charges	-	-	1,380,615	-	1,380,615
(AFL)	-	-	(1,280,492)	-	(1,280,492)
Expenses					
Salaries (Mr. Dharmesh Mehta)	-	-	-	64,041,498	64,041,498
	-	-	-	(53,300,000)	(53,300,000)
Salaries (Mr. Mitesh Mehta)	-	-	-	10,983,191	10,983,191
	-	-	-	(8,145,179)	(8,145,179)
Salaries (Mr. Natarajan Mahadevan)	-	-	-	15,011,224	15,011,224
	-	-	-	(15,583,621)	(15,583,621)
Salaries (Mr. Bhavesh Rupani)	-	-	-	5,227,016	5,227,016
	-	-	-	(10,585,164)	(10,585,164)
Salaries (Mr. Neelesh Baheti)	-	-	-	3,650,385	3,650,385
	-	-	-	-	-
Reimbursement for operating expense	156,836,227	-	-	-	156,836,227
	(100,047,356)	-	-	-	(100,047,356)
Reimbursement for operating expense (ASL)	-	-	-	-	-
	-	-	(482)	-	(482)
Interest expense	6,455,206	-	-	-	6,455,206
	(602,098)	-	-	-	(602,098)
Bank charges	51,873	-	-	-	51,873
	(22,384)	-	-	-	(22,384)
Demat charges	96,314	-	-	-	96,314
	(58,664)	-	-	-	(58,664)
Brokerage expense	3,011,511	-	-	-	3,011,511
	(274,083)	-	-	-	(274,083)
Brokerage expense (ASL)	-	-	4,317,606	-	4,317,606
	-	-	(591,646)	-	(591,646)
Fees paid	-	-	-	-	-
	(4,300,000)	-	-	-	(4,300,000)
Fees paid (ASL)	-	-	20,950	-	20,950
	-	-	(19,574)	-	(19,574)
Fees paid (ATSL)	-	-	-	-	-
	-	-	(500,000)	-	(500,000)
Other Transactions					
Sale of Investment In subsidiary	-	-	-	-	-
	(190,244,636)	-	-	-	(190,244,636)
Dividend paid	514,500,000	-	-	-	514,500,000
	(514,500,000)	-	-	-	(514,500,000)
Balances outstanding as at the year end					
Fixed deposit (including interest accrued)	1,694,134,090	-	-	-	1,694,134,090
	(2,485,358,594)	-	-	-	(2,485,358,594)
Share Capital	735,000,000	-	-	-	735,000,000
	(735,000,000)	-	-	-	(735,000,000)



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AXIS CAPITAL LIMITED

Notes to financial statements for the year ended 31 March 2017

Current account	174,353,548	-	-	-	174,353,548
	(1,070,917,281)	-	-	-	(1,070,917,281)
Other payables	8,582,326	-	-	-	8,582,326
	(4,801,397)	-	-	-	(4,801,397)
Accounts payable (ASL)	-	-	-	-	-
	-	-	(15,889)	-	(15,889)
Accounts receivable (AAMC)	-	-	-	-	-
	-	-	(113,616)	-	(113,616)

1. Figures in bracket pertains to previous year.
2. As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to key managerial personnel and relative of key managerial personnel are not included above.

25. Leases

Operating Lease:

Office premises are obtained on operating lease. These leases have an average life between one year to seven years with further renewals option included in the contract. There are no restrictions imposed by lease arrangements. There are no subleases.

	Operating Lease	
	2016-2017 (₹)	2015-2016 (₹)
Minimum lease payments :		
-Not later than one year	80,485,538	2,310,000
-Later than one year but not later than five years	114,477,137	288,752
-Later than five years	8,981,705	-
Lease payment for the year	74,498,935	43,027,348

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.



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AXIS CAPITAL LIMITED

Notes to financial statements for the year ended 31 March 2017

Statement of profit and loss

Net employee benefit expense recognized in employee cost

	2016-2017 (₹)	2015-2016 (₹)
Current service cost	4,805,050	5,916,839
Interest cost on benefit obligation	6,623,750	6,542,387
Expected return on plan assets	(6,418,735)	(6,307,597)
Net actuarial (gain)/ loss recognised in the year	4,012,677	(35,35,220)
Net benefit expense	9,022,742	2,616,409
Actual return on plan assets	5,318,933	5,947,210

Balance sheet

Details of provision for gratuity

	2016-2017 (₹)	2015-2016 (₹)
Defined benefit obligation	84,294,094	83,633,206
Fair value of plan assets	(76,316,769)	(81,044,631)
Plan (Assets) / Liability	7,977,325	2,588,575

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

	2016-2017 (₹)	2015-2016 (₹)
Opening defined benefit obligation	83,633,206	82,605,892
Interest cost	6,623,750	6,542,387
Current service cost	4,805,050	5,916,839
Benefits paid	(13,680,787)	(7,536,305)
Actuarial (gains)/losses on obligation	2,912,875	(3,895,607)
Closing defined benefit obligation	84,294,094	83,633,206



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AXIS CAPITAL LIMITED

Notes to financial statements for the year ended 31 March 2017

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

	2016-2017 (₹)	2015-2016 (₹)
Opening fair value of plan assets	81,044,631	79,641,374
Expected return	6,418,735	6,307,597
Contributions by employer	3,633,992	2,992,352
Benefits paid	(13,680,787)	(7,536,305)
Actuarial gains/(losses)	(1,099,802)	(360,387)
Closing fair value of plan assets	76,316,769	81,044,631

The Company expects to contribute ₹7,977,325 (Previous year ₹2,588,575) 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 2017	31 March 2016
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	
	2016-17	2015-16	2016-17	2015-16
	%	%	%	%
Discount rate	6.82	7.85	6.82	7.85
Expected rate of return on assets	6.82	7.85	-	-
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.



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AXIS CAPITAL LIMITED

Notes to financial statements for the year ended 31 March 2017

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

	2016-17 (₹)	2015-16 (₹)	2014-15 (₹)	2013-14 (₹)	2012-13 (₹)
Defined benefit obligation	84,294,094	83,633,206	82,605,892	76,527,918	79,799,394
Plan assets	76,316,769	81,044,631	79,641,374	72,895,700	53,032,419
Surplus / (deficit)	(7,977,325)	(2,588,575)	(2,964,518)	(3,632,218)	(26,766,975)
Experience adjustments on plan liabilities	(3,311,704)	(5,436,991)	(9,086,211)	(2,204,653)	2,064,652
Experience adjustments on plan assets	(1,099,802)	(360,387)	993,882	1,040,870	101,600

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 2017 and 31 March 2016 are ₹ Nil.

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

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

	31 March 2017 (₹)	31 March 2016 (₹)
Deferred tax Assets comprise timing difference on account of :		
-Depreciation	1,492,870	1,834,352
-Provision for doubtful debts	2,866,287	5,850,642
-Provision for doubtful advances	778,970	-
-Demerger expenses	22,065,032	22,065,032
-Provision for lease equalization charges	263,119	40,881
Total	27,466,278	29,790,907

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

	31 March 2017 (₹)	31 March 2016 (₹)
Commitment for addition/acquisition of software	494,500	550,000
Total	494,500	550,000



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AXIS CAPITAL LIMITED

Notes to financial statements for the year ended 31 March 2017

30. Details of CSR expenditure:

	2016-2017 (₹)	2015-2016 (₹)
Gross amount required to be spent by the Company during the year	24,830,490	15,336,490
Amount spent during the year for purposes other than Construction/acquisition of any asset	24,850,000	15,500,000

31. The Company in the ordinary course of its business has syndicated certain secured instruments aggregating to ₹13,020,000,000 (31 March, 2016: ₹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 ₹ Nil (Previous year: ₹ 50,000,000) of which ₹ Nil (Previous year: ₹ Nil) has been utilized as at 31 March 2017.
33. Details of Specified Bank Notes (SBN) held and transacted during the period 08-11-2016 to 30-12-2016 as provided in the table below:-

Particulars	SBN (₹)	Other denomination notes (₹)	Total (₹)
Closing cash in hand as on 08-11-2016	22,000	46,048	68,048
(+) Permitted receipts	-	158,000	158,000
(-) Permitted payments	-	153,415	153,415
(-) Amount deposited in Banks	22,000	-	22,000
Closing cash in hand as on 30-12-2016	-	50,633	50,633

34. During the year ended 31 March 2017, Axis Capital Limited (ACL) [a wholly owned subsidiary of Axis Bank Ltd.] surrendered its ARN code issued by AMFI for the investment solutions business (hereinafter referred to as IS business). As a result, all clients of the IS business were given the choice to shift their existing investments in different mutual fund schemes under the existing ARN code of Axis Bank Limited (ABL). As there was no objection from any such client, the portfolio of the individual clients was transferred under the ARN code of ABL. Accordingly, the clients of IS business became the clients of ABL. All the AMCs were accordingly intimated asking them to transfer the AUM to the ARN code of the Bank. There was no direct contract entered into as that was not required to be entered into between ACL and ABL for this transaction and accordingly no consideration has been exchanged between the parties on this account.
35. The Company as part of its variable pay structure has decided to defer certain part of the variable pay to be paid in three years. The deferred variable pay is intended to be settled either in the form of stock or



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AXIS CAPITAL LIMITED

Notes to financial statements for the year ended 31 March 2017

price equivalent to the closing price as on the date of the remuneration committee in the subsequent years. The value of the deferred outstanding as on March 31, 2017 is ₹131,881,688/-.

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

As per report of even date
For **S.R. BATLIBOI & CO. LLP**
ICAI Firm Registration No.301003E / E300005
Chartered Accountants

per **Jitendra H. Ranawat**
Partner

Membership No. :- 103380
Place: Mumbai
Date: 12 April 2017



For and on behalf of the board of Directors

Shikha Sharma
Chairperson
DIN No. :- 00043265

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

Neelesh Baheti
Chief Financial Officer

M. Natarajan
Company Secretary

