AXIS FINANCE

DIRECTORS' REPORT

To

The Members of

Axis Finance Limited ("Company")

Your Directors are pleased to present the 25th Annual Report on the business, operations and state of affairs of the Company together with the audited financial statements of the Company for the financial year ended March 31, 2020.

FINANCIAL PERFORMANCE OF THE COMPANY:

The highlights of the Financial Performance of the Company for the Financial Year ("FY") 2019-20 is as under:

(In. Rs. crs)

Particulars	**Current Financial Year 31.03.20**	**Previous Financial Year 31.03.19**
Income from Operations	1,000.04	894.34
Other Income	0.32	0.88
Total Revenue	1,000.36	895.22
Total Expenditure	759.91	569.82
Profit/(Loss) before Taxation	240.45	325.41
Tax expenses / (Credit)	76.73	114.86
Profit/(Loss) after Taxation	163.72	210.55
Other comprehensive income	(0.33)	(0.01)
Total Comprehensive Income for the year	163.39	210.54
Balance brought forward from previous year	284.65	116.22
Profit available for appropriation	448.04	326.76
Less: Appropriations		
- Final Equity Dividend	(120.19)*	-
- Tax on Equity Dividends	(24.70)	-
- Previous Year Tax on Equity Dividends	-	-
- General Reserve	-	-
- Transfer to Statutory Reserve	(38.65)	(42.11)
Surplus carried to the Balance Sheet	264.50	284.65

AXIS FINANCE LIMITED

Notes- The figures mentioned in the table above are extracted from the financials of the Company which are prepared in accordance with the provisions of IND AS.

**- Final Dividend of Rs. 2.50 per share for FY 2018-19 was recommended by the Board of Directors in its meeting held on 18th April 2019 and the declaration of the same was approved by the members in the 24th AGM of the Company held on 26th June 2019. Disclosure of the dividend payment in the financial statements is made in accordance with the principles laid down in IND AS.*

During the financial year under review, your Company continued its focus on its lending activities in the Wholesale and Retail space and posted total income and net profit of Rs. 1,000 crores and Rs. 164 crores as against Rs. 895 crores and Rs. 211 crores, respectively, in the previous year. Your Company transferred an amount of Rs. 38.65 crore to Reserve Fund pursuant to Section 45-IC of the RBI Act, 1934. The Capital to Risk Asset Ratio (CRAR) as on 31st March 2020 stood at 23.01%.

Detailed information on the operational and financial performance, among others, is given in the Management Discussion and Analysis Report which is annexed to this Report.

DIVIDEND:

In order to conserve capital for the planned business growth of the Company and to deal with the prevailing uncertain economic environment, your Directors do not recommend any dividend payment at the ensuing AGM of the Company.

The Board of Directors of your Company have adopted a Dividend Distribution Policy and the same is available on the website of the Company at https://www.axisfinance.in.

Transfer of Unclaimed Dividend etc. to Investor Education and Protection Fund (IEPF)

Since there was no amount lying w.r.t unpaid/unclaimed Dividend, the provisions of Section 125 of the Companies Act, 2013 does not apply. Further, there was no amount due to be transferred to IEPF in respect to secured redeemable non-convertible debentures and interest thereon by the Company.

AXIS FINANCE LIMITED

AXIS FINANCE

DIRECTORS' REPORT

STATE OF COMPANY'S AFFAIRS:

The operating and financial performance of the Company has been given in the Management Discussion and Analysis Report which forms part of this Annual Report. During the year under review, there has been no change in the nature of business of the Company.

SHARE CAPITAL:

There has been no change in the issued and paid up capital during the year and after March 31, 2020 till the date of this report.

DIRECTORS & KEY MANAGERIAL PERSONNEL

The composition of the Board is in compliance with the applicable provisions of the Companies Act, 2013, ("Act") and the rules framed thereunder, guideline(s) issued by the Reserve Bank of India and other applicable laws inter alia with respect to appointment of women director, non-executive director(s) and independent director(s).

Policy On Appointment of Directors and Senior Management Personnel

In terms of Section 178 of the Companies Act, 2013 read with rules framed thereunder and the RBI Master Directions, as amended, your Company has adopted, 'Policy on "Fit & Proper" Person Criteria' for appointment of Directors and Senior Management Personnel of the Company which forms part of Nomination & Remuneration Policy of the Company. The said Policy is available on the website of the Company viz. https://www.axisfinance.in/.

Director(s) Disclosure

Based on the declarations and confirmations received in terms of the applicable provisions of the Act, circulars, notifications and directions issued by the Reserve Bank of India and other applicable laws, none of the Directors of your Company are disqualified from being appointed as Directors of the Company.

The Company has received necessary declarations from the Independent Directors, affirming compliance with the criteria of independence laid under the provisions of Section 149(6) and sub rule 3 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 of the Act.

AXIS FINANCE LIMITED

Change in Directors:

- **Director(s) retiring by rotation**

  In accordance with the provisions of the Companies Act, 2013 read along with the applicable Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. Amitabh Chaudhry, retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

- **Appointment of Mr. Deepak Maheshwari as Additional Director of the Company**

  Mr. Deepak Maheshwari (DIN: 08163253), was appointed as an Additional Director of the Company w.e.f. June 26, 2019. In terms of Section 161 of the Companies Act, 2013 (as amended), Mr. Maheshwari holds office upto the date of the forthcoming Annual General Meeting. The Company has received a Notice from a member proposing candidature of Mr. Maheshwari as Director of the Company. Accordingly, the approval of members for appointment of Mr. Deepak Maheshwari as a Director liable to retire by rotation is being sought at the forthcoming Annual General Meeting.

- **Appointment of Mr. Biju Pillai as Whole Time Director of the Company**

  Mr. Biju Pillai (DIN: 08604963), designated as Whole Time Director of the Company was appointed as an Additional Director of the Company w.e.f. November 07, 2019 subject to the approval of members at the ensuing Annual General Meeting in terms of Section 196 of the Companies Act, 2013 (as amended). Further in terms of Section 161 of the Companies Act, 2013 (as amended), Mr. Biju Pillai being an Additional Director holds office upto the date of the forthcoming Annual General Meeting and in this regard the Company has received a Notice from a member proposing candidature of Mr. Biju Pillai as Director of the Company. Accordingly, the approval of members for appointment of Mr. Biju Pillai as a Whole Time Director liable to retire by rotation is being sought at the forthcoming Annual General Meeting.

AXIS FINANCE LIMITED

- **Re-appointment of Mrs. Madhu Dubhashi and Mr. V. R. Kaundinya as Independent Directors of the Company**

  Mrs. Madhu Dubhashi (DIN: 00036846) and Mr. V R Kaundinya (DIN: 00043067) were appointed as Independent Directors of the Company w.e.f. February 26, 2015 for a term of five years. They hold office as Independent Directors of the Company till February 25, 2020. Your Directors have recommended the reappointment of Mrs. Dubhashi and Mr. Kaundinya as Independent Directors of the Company for further period of three years. Accordingly, the approval of members is sought for appointment of Mrs. Madhu Dubhashi and Mr. V. R. Kaundinya as Independent Directors for the period of three years w.e.f. 26th February, 2020 to 25th February 2023

- **Resignation of Mr. Cyril Anand and Mr. Jairam Sridharan as Directors:**

  Mr. Cyril Anand and Mr. Jairam Sridharan resigned as directors of the Company w.e.f. July 11, 2019 and w.e.f. March 05, 2020 respectively. Your directors place on record their sincere appreciation for their contribution to the Company as directors.

Key Managerial Personnel

Mr. Bipin Saraf – Managing Director & Chief Executive Officer, Mr. Amith Iyer– Chief Financial Officer and Mr. Rajneesh Kumar – Company Secretary & Compliance Officer are the Key Managerial Personnel of the Company in terms of Section 203 of the Act.

During the year under review, the composition of Key Managerial Personnel remains unchanged.

Board Evaluation

Pursuant to provisions of the Companies Act, 2013, the Board has carried out an Annual Performance Evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and other Committees of the Board of Directors.

A structured questionnaire designed for the performance evaluation of the Board, its Committees, Chairman and individual directors and in accordance with the criteria set and covering various aspects of performance including structure of the board, meetings of the board, functions of the board, role

AXIS FINANCE LIMITED

and responsibilities of the board, governance and compliance, conflict of interest, relationship among directors, director competency, board procedures, processes, functioning and effectiveness was circulated to all the directors of the Company for the annual performance evaluation. Based on the assessment of the responses received to the questionnaire from the directors on the annual evaluation of the Board, its Committees, the Chairman and the individual Directors, a summary of the Board Evaluation was placed before the meeting of the Independent Directors for consideration. Similarly, the Board at its meeting assessed the performance of the Independent Directors. The Directors were satisfied with the results of the performance evaluation of the Board & its Committees, Chairman and individual directors.

Meeting of Independent Directors:

Due to strict lock down imposed by GOI and various state government(s) across the country the Independent Directors of your Company were unable to hold a separate meeting during the financial year 2019-20 on or before March 31, 2020.

A Separate Meeting of Independent Directors of your Company was later held through video conferencing on 19th of May, 2020 without the presence of the Non-Executive Chairman, the Managing Director, the Whole-time Director and the management team of the Company. The meeting was attended by all the Independent Directors. Members may note that in terms of General Circular No. 11/2020 issued by the Ministry of Corporate Affair dated 24th March, 2020, if the Separate Meeting of Independent Director as per para VII (1) of Schedule IV cannot be held in FY 2019 – 20, same shall not be viewed as violation.

CHANGE IN SHAREHOLDING:

The Company continues to remain the wholly owned subsidiary of Axis Bank Limited, there is therefore no change in the shareholding pattern of the Company during the year under review.

SUBSIDIARIES / JOINT VENTURE / ASSOCIATE COMPANIES

Your Company does not have any Subsidiary, Joint Venture or Associate Companies in accordance with the provisions of the Act, and hence, disclosure regarding the same is not applicable.

AXIS FINANCE LIMITED

HUMAN RESOURCE

AFL believes it's employees are important pillars of success. It offers them a nurturing environment and a merit-based, rewarding work culture. The Company undertakes various employment engagement initiatives and regular reviews for optimal utilisation of human resources. Knowledge sharing and cross functional industry insights have enabled our staff to meet evolving business environment.

With the proposed expansion of retail finance activity, Company has inducted significant industry talent at senior and mid-level into the organization. Talent across diversified business processes have been inducted to strengthen the Organization's Growth, Profitability & Sustainability.

To accelerate the company's growth and agility across locations, your Company has focused on strategic hiring. The company ended the year with a work force strength of 646 employees on its payroll.

The company has undertaken steps for employee's health and safety while ensuring continuous operations during the COVID 19 pandemic. Prior to the lockdown, precautionary measures such as hand sanitizers for all employees at Central Office and branches, discontinuation of group meetings, encouraging use of digital channels for transactions, restriction on non-essential domestic travel were implemented. Post Lockdown, 98% employees are working from home through VPN access, regular connects and reviews through Microsoft Teams Software and Bridge calls. Employees have been engaged in training, projects, SOP's and process upgrade assignments. Your Directors place on record the appreciation of effort and dedication of the employees in achieving good results during the year under review.

COMPLIANCE MONITORING & REPORTING TOOL

In terms of provisions of Section 134(5)(f) of the Act, the Company has put in place a Compliance Management System (ricago CMS) for effectively tracking and managing critical action items related to regulatory and internal compliance requirements.

AXIS FINANCE LIMITED

AXIS FINANCE

UPDATES ON AMALGAMATION

Your Company is in the process of amalgamating Axis Private Equity Limited (a group company) with itself and in this regard, the Company has filed application petition before the National Company Law Tribunal, Mumbai with respect to the Scheme of Amalgamation between Axis Private Equity Limited (being the Transferor Company) with the Company (being the Transferee Company). National Company Law Tribunal, Mumbai has admitted the petition on May 10, 2019. At the last hearing on February 27 2020, the NCLT has fixed the matter as reserved for order and the same is awaited as at the Balance Sheet date.

FINANCE & CREDIT RATINGS:

Finance:

During the year under review, Your Company raised funds from various public/private sector banks, mutual funds and financial institutions. The Company continued to borrow funds inter alia by issue of Commercial Papers and Non-Convertible Debentures, term loan(s) from banks/financial institutions etc. Details in this regard are stated and more particularly mentioned in the Audited Financial Statements.

Credit Rating:

During the year under review, the Company retained the following ratings from CRISIL Limited (CRISIL) & M/s India Ratings & Research Private Limited (India Ratings) for the ongoing debt programme of the Company:

FACILITY	CRISIL	INDIA RATINGS	Amount (Rs. in crores)
Bank Facilities	NA	IND AAA/Stable	5000.00
Short Term Debt Programme	NA	IND A1+	1000.00
Non-Convertible Debentures	CRISIL AAA/Stable	IND AAA/Stable	CRISIL- 2000.00 India Ratings- 3325.00
Market Linked Debentures	NA	IND PP-MLD AAA emr/Stable	500.00
Subordinated Bonds	CRISIL AAA/Stable	IND AAA/Stable	CRISIL- 800.00 India Ratings-800.00
Commercial Papers	A1+	A1+	CRISIL- 6000.00 India Ratings- 10,000.00

AXIS FINANCE LIMITED

A1+ indicates highest credit quality rating and AAA indicates high credit quality rating with stable outlook assigned by CRISIL and India Ratings. Instruments with these ratings are considered to have high degree of safety regarding timely servicing of financial obligations and such instruments carry very low credit risk.

DEPOSITS:

The Company being a "Non-Deposit Accepting Non-Banking Financial Company", provisions of Section 73 and Section 74 of the Act read with Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014, are not applicable to the Company.

During the year under review, the Company had neither accepted nor held any deposits from the public and shall not accept any deposits from the public without obtaining prior approval from the Reserve Bank of India.

ANNUAL RETURN:

Pursuant to the provisions of section 134(3)(a) and section 92(3) of the Companies Act, 2013 read with rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return of the company as on 31st March, 2020 once prepared shall be disclosed on the Company's website at https://www.axisfinance.in/investorcornner/annualreports.aspx.

Also, an extract of the annual return as on 31st March, 2020 in form MGT-9 is annexed to this Report as **Annexure I.**

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES AND POLICY ON RELATED PARTY TRANSACTIONS:

All the Related Party Transactions entered by the Company are on arm's length basis and in the ordinary course of business. The disclosure in this regard forming part of this report is provided in the financial statement. All the Related Party Transactions as required under IND AS 24 are reported in the Notes to the financial statement.

AXIS FINANCE LIMITED

Relevant Form (AOC-2) 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 is given as **Annexure II** to this Report.

During the year, the Company has not entered into any contract/arrangement/transaction with related parties which may have a potential conflict with the interest of the Company at large.

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 for their review on a periodical basis.

None of the Directors has any pecuniary relationship or transactions with the Company. The policy on Related Party Transactions is placed on the website of the Company at https://www.axisfinance.in/.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

During the year under review, the Company had not made any investments in terms of provisions of Section 186(1) of the Act. Except for Section 186(1), the provisions of Section 186 of the Act pertaining to making investments, granting of loans to any persons or body corporate and giving of guarantees or providing security in connection with the loan to any other body corporate or persons are not applicable to the Company, since the Company is a Non-Banking Financial Company, registered with Reserve Bank of India.

INTERNAL FINANCIAL CONTROL SYSTEMS:

The Board of Directors confirms that your Company has laid down set of standards, processes and structure which ensures Internal Financial controls across the organization with reference to Financial Statements and that such controls are adequate and are operating effectively.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company ensures compliance with operating procedures, accounting procedures and

AXIS FINANCE LIMITED

policies at all locations of the Company. Based on the report of Internal Audit Function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

During the year under review, such controls were tested by the Internal Audit Department of the Company and no material weaknesses in the design or operations were observed. The Statutory Auditors have reviewed the said test results and found them to be effective.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:
The particulars regarding foreign exchange earnings and outgo appear as separate item in the notes to the Financial Statements. Since the Company does not carry any manufacturing activities, particulars to be disclosed with respect to conservation of energy and technology absorption under section 134(3) (m) of the Companies Act, 2013 read with Companies Accounts Rules, 2014 are not applicable. The Company is however, constantly pursuing its goal of technological up-gradation in a cost effective manner for delivering quality customer service.

RISK MANAGEMENT:

Your Company manages a variety of risks that can significantly impact its financial performance and also its ability to meet the expectations of our customers, shareholders, regulators and other stakeholders. The company is exposed to financial risk, such as credit, interest rate, market, liquidity and funding risks, and non-financial, such as operational including compliance and model risks, strategic and reputation risks. Periodic assessments to identify the risk areas are carried out and management is briefed on the risks in advance to enable the company to control risk through a properly defined plan. Various aspects of risk are taken into account while preparing the annual business plan for the year. AFL's risk appetite is articulated in a statement of risk appetite, which is approved at least annually by the RMC of the Board. AFL continuously monitors its risk appetite, and the RMC as well as the Board reviews periodic risk appetite reports and analysis. The Board is also periodically informed of the business risks and the actions taken to manage them. The Board assesses management's performance, provides credible challenge, and holds management accountable for maintaining an effective risk management program and for adhering to risk management expectations. The Board carries out its risk oversight responsibilities directly and through its

AXIS FINANCE LIMITED

committees. Further, The Risk Management Committee periodically reviews risk levels, portfolio composition, status of impaired credits, etc. Risk is everyone's responsibility and every team member is required to comply with applicable laws, regulations, and Company policies. The Board holds management accountable for establishing and maintaining the right risk culture and effectively managing risk.

THE REMUNERATION POLICY, DISCLOSURE OF REMUNERATION & PARTICULARS OF EMPLOYEES:

In terms of Section 178 of the Companies Act, 2013, your Board have adopted a 'Nomination and Remuneration Policy' inter-alia setting out the criteria for deciding remuneration of Executive Directors, Non-Executive Directors, Senior Management Personnel and other Employees of the Company. The said Policy is available on the website of the Company at https://www.axisfinance.in/.

In terms of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the disclosures with respect to the remuneration of Directors, Key Managerial Personnel and Employees of the Company have been provided at **Annexure III** to this Report.

In terms of Section 197 of the Companies Act, 2013 read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the statement relating to particulars of employees of the Company is available for inspection by the Members at the Registered Office of the Company during business hours on working days. A copy of this statement may be obtained by the Members by writing to the Company Secretary of the Company. The Board hereby confirm that the remuneration paid to the Directors is as per the Remuneration Policy of the Company.

CORPORATE SOCIAL RESPONSIBILTY (CSR)

In accordance with the provisions of Section 135 of the Act and the CSR Policy, the Company has contributed Rs. 5.99 Crores /- (Rupees Five Crores Ninety-Nine Lakhs Only) (being 2 percent of the average net profit of the Company in the immediately three preceding financial years calculated as per Section 198 of the Act) towards CSR expenditure in various projects stipulated under Schedule VII of the Act. The details of the same is enclosed as **Annexure – IV** to this Report as mandated under the said Rules. The Policy adopted by the Company on Corporate Social Responsibility (CSR) is placed on the website of the Company at https://www.axisfinance.in/.

AXIS FINANCE LIMITED

WHISTLE BLOWER / VIGIL MECHANISM:

The Company as part of the 'vigil mechanism' has in place a 'Whistle Blower Policy' to deal with instances of fraud and mismanagement, if any. The Whistle Blower Policy has been placed on the website of the Company at https://www.axisfinance.in/.

This vigil mechanism of the Company is overseen by the Audit Committee and provides adequate provisions protecting Whistle blowers from unfair termination and other unfair prejudicial and employment practices. The audit committee of the board reviews the complaints received and resolution thereof under the said policy on a quarterly basis. It is hereby affirmed that the company has not denied any of its personnel, access to the Chairman of the Audit Committee.

During the year under review, the Company has not received any whistle blower complaint.

MANAGEMENT DISCUSSIONS AND ANALYSIS

The Management Discussion and Analysis is annexed herewith as **Annexure V** to this Report.

CORPORATE GOVERNANCE

Companies Philosophy on Corporate Governance:

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, accountability and equity, in all facets of its operations and in all interactions with its stakeholders. The Company believes that all its operations and actions must serve the underlying goal of enhancing long-term shareholder value. In the commitment to practice sound governance principles, Company is guided by its core principles viz. Transparency, Disclosures, Empowerment and Accountability, Compliances and Ethical Conduct.

RBI guidelines on Corporate Governance:

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has in its Master Direction- Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 advised all applicable NBFCs to frame their internal guidelines on corporate governance with the approval of the Board of Directors. In

AXIS FINANCE LIMITED

pursuance of the same, the Company has framed the internal Guidelines on Corporate Governance which is placed on the website of the Company at https://www.axisfinance.in.

Board of Directors:

The Board of Directors, along with its Committees provide leadership and guidance to the Company's Management and directs, supervises and controls the activities of the Company. The size of the Board of the Company commensurate with the its size and business operations. In addition to the governance practices, the Board lays strong emphasis on transparency, accountability and integrity. At present, the Board strength is 8 (eight) Directors comprising of 2 (two) Executive Directors, 3 (three) Non-Executive Non Independent Directors, and 3 (three) Independent Directors.

- **Composition of the Board of the Company:**

Name of the Director(s)	Category
Mr. Amitabh Chaudhry	Non-Executive Chairman
Mr. Bipin Kumar Saraf	Managing Director & Chief Executive Officer
Mr. Biju Pillai	Whole Time Director (Additional)
Mr. V.R. Kaundinya	Independent Director
Mrs. Madhu Dubhashi	Independent Director
Mr. K N Prithviraj	Independent Director
Mr. Pralay Mondal	Non-Executive Director
Mr. Deepak Maheshwari	Non- Executive Director (Additional)

- **Meetings of the Board of Directors:**

  The Board meets at least once in a quarter to consider among other businesses, quarterly performance of the Company and financial results. To enable the Board to discharge its responsibilities effectively and take informed decisions, necessary information is made available to the Board including circulation of agenda and notes thereof as well as presentations on financials and other critical areas of operations of the company. The Board is also kept informed of major events/items and approvals are being taken wherever necessary. The Managing Director & CEO, at the Board Meetings keeps the Board apprised of the overall performance of the Company at such

AXIS FINANCE LIMITED

meetings. The Board also takes decisions by circular resolutions which are noted by the Board at the subsequent meeting.

During the financial year 2019-20, the Company held 5 (five) meetings of the Board of Directors as per Section 173 of Companies Act, 2013. These were held on April 18, 2019, June 26, 2019, July 15, 2019, October 16, 2019, and January 17, 2020. The provisions of Companies Act, 2013 were adhered to while considering the time gap between any two meetings.

Committees of Board:

In accordance with the applicable provisions of the Act, the circular(s), notification(s) and directions issued by the Reserve Bank of India and the Company's internal corporate governance requirements, the Board has constituted various Committees with specific terms of reference to focus on specific issues and ensure expedient resolution on diverse matters.

These include the Audit Committee, Nomination & Remuneration Committee, Committee of Directors, Corporate Social Responsibility Committee, Asset Liability Management Committee, Risk Management Committee, Grievance Redressal Committee and IT Strategy Committee. The matters pertaining to financial results and auditors report are taken care of by the Audit Committee and those pertaining to nomination / remuneration of Key Executives and Directors are within the realms of, Nomination & Remuneration Committee. The term of reference of Committee of Directors is as per the Charter duly approved by the Board. The Corporate Social Responsibility (CSR) Committee focuses on compliance of CSR policy and framework by the Company and monitors the expenditure to be incurred by the Company. The Risk Management Committee manages the integrated risk and further oversee the Risk Management function of the Company. The IT Strategy Committee is responsible for approving IT strategy, Policy documents, IT budget, monitoring implementation of IT projects and review of IT risks and controls.

The Company Secretary acts as the Secretary for all the aforementioned Committees. The minutes of the meetings of all Committees along with summary of key decision/discussion taken at each Committee, is placed before the Board for discussion / noting /approval.

AXIS FINANCE LIMITED

1) Audit Committee

The Members of Committee possess strong accounting and financial management knowledge. The Committee meets the composition requirement pursuant to the provisions of Section 177 of the Companies Act, 2013. Audit Committee was last reconstituted on April 25, 2020.

The composition of Audit Committee as on April 25, 2020 is as under:

I.	Mrs. Madhu Dubhashi	:	Chairperson (Independent Director)
II.	Mr. V. R. Kaundinya	:	Member (Independent Director)
III.	Mr. K. N. Prithviraj	:	Member (Independent Director)
IV.	Mr. Deepak Maheshwari	:	Member (Non-Executive Director)

During the financial year 2019-20, the committee held 4 (four) meetings. These were held on April 18, 2019, July 15, 2019, October 15, 2019 and January 16, 2020.

2) **Nomination & Remuneration Committee -** The Nomination and Remuneration Committee is formed in compliance with the provisions of Section 178 of the Companies Act, 2013. The Nomination & Remuneration Committee last reconstituted on April 25, 2020.

The composition of Nomination and Remuneration Committee as on April 25, 2020 is as under:

I.	Mr. V. R. Kaundinya	:	Chairperson (Independent Director)
II.	Mrs. Madhu Dubhashi	:	Member (Independent Director)
III.	Mr. Pralay Mondal	:	Member (Non-Executive Director)

During the financial year 2019-20, the committee held 4 (Four) meetings. These were held on April 18, 2019, June 26, 2019, October 15, 2019, and January 16, 2020

3) **Risk Management Committee -** The Risk Management Committee of the Company is formed in Compliance with the Guidelines of Reserve Bank of India on Corporate Governance. The Risk Management Committee was last reconstituted on April 25, 2020.

The composition of Risk Management Committee as on April 25, 2020 is as under:

I.	Mr. Deepak Maheshwari	:	Chairperson (Non-Executive Director)

AXIS FINANCE LIMITED

II.	Mr. Bipin Kumar Saraf	:	Member (Managing Director & CEO)
III.	Mrs. Madhu Dubhashi	:	Member (Independent Director)
IV.	Mr. K. N. Prithviraj	:	Member (Independent Director)
V.	Mr. Biju Pillai	:	Member (Whole Time Director)

During the financial year 2019-20, the committee held 4 (four) meetings. These were held on April 18, 2019, July 15, 2019, October 16, 2019, and January 16, 2020

4) **Committee of Directors**- Committee of Directors is formed to review loans sanctioned by committee of executives, provides approval for loans above certain stipulated limits, to discuss strategic issues in relation to credit policy and deliberate on the quality of credit portfolio of the company. Committee of Directors was last reconstituted on April 25, 2020.

The composition of Committee of Directors as on April 25, 2020 is as under:

I.	Mr. Deepak Maheshwari	:	Chairperson (Non-Executive Director)
II.	Mr. Bipin Kumar Saraf	:	Member (Managing Director & CEO)
III.	Mr. K. N. Prithviraj	:	Member (Independent Director)

During the financial year 2019-20, the committee held 09 (Nine) meetings. These were held on April 18, 2019, June 03, 2019, July 15, 2019, September 16, 2019, October 16, 2019, November 21, 2019, December 23, 2019, January 17, 2020 and March 11, 2020.

5) **Corporate Social Responsibility (CSR) Committee -** The CSR Committee is formed in compliance with the provisions of Section 135 of the Companies Act, 2013. The CSR Committee was last reconstituted on April 25, 2020.

The composition of CSR Committee as on April 25, 2020 is as under:

I.	Mr. Deepak Maheshwari	:	Chairperson (Non-Executive Director)
II.	Mrs. Madhu Dubhashi	:	Member (Independent Director)
III.	Mr. Biju Pillai	:	Member (Whole Time Director)

AXIS FINANCE LIMITED

During the financial year 2019-20, the committee met once on June 26, 2019 which was attended by all the members.

6) **Information Technology (IT) Strategy Committee:** IT Strategy Committee is formed as per the RBI Master Direction pertaining to 'Information Technology Framework for the NBFC Sector'. IT Strategy Committee was last re-constituted on April 25, 2020 by the Board of Directors.

The composition of IT Strategy Committee as on April 25, 2020 is as under:

I.	Mr. V. R. Kaundinya	:	Chairperson (Independent Director)
II.	Mr. Bipin Kumar Saraf	:	Member (Managing Director & CEO)
III.	Mr. Pralay Mondal	:	Member (Non-Executive Director)
IV.	Mr. Biju Pillai	:	Member (Whole Time Director)
V.	Mr. Kishore Babu Manda	:	Member (Chief Risk Officer)
VI.	Mr. Ajay Shah	:	Member (Chief Technology Officer)

During the financial year 2019-20, the committee held three meetings on July 15, 2019, October 16, 2019, and January 16, 2020 in which all the members were present.

Asset Liability Management Committee: As per the RBI Guidelines on Asset- Liability Management (ALM) s, the Asset Liability Management Committee is formed to oversee the ALM function and ensure adherence to the limits set by the Board as well as for deciding the business strategy of the company (on the assets and liabilities side) in line with company's budget and risk management objectives and review of its functioning periodically.

The composition of Asset Liability Management Committee as on March 31, 2020 is as under:

I.	Mr. Bipin Kumar Saraf	:	Member (Managing Director & CEO)
II.	Mr. Kishore Babu Manda	:	Member (Chief Risk Officer)
III.	Mr. Amith Iyer	:	Member (Chief Financial Officer)

During the financial year 2019-20, the Committee met 12 times on a monthly basis.

7) **Internal Complaints Committee**- In terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, ("Sexual Harassment Act") the Board had

AXIS FINANCE LIMITED

formulated and adopted a policy on prevention of sexual harassment at work place and takes all necessary measures to ensure a harassment- free workplace and has instituted an Internal Complaints Committee for redressal of complaints and to prevent sexual harassment. The Company believes that all employees, including other individuals who are dealing with the Company have the right to be treated with dignity.

During the year under review, there is no complaint of any sexual harassment.

8) **Grievance Redressal Committee:** The Grievance Redressal Committee specifically look into the mechanism of redressal of grievances of shareholders, debentures holders and other security holders. Grievance Redressal Committee was last reconstituted on April 25, 2020.

The composition of Grievance Redressal Committee as on April 25, 2020 is as under:

I.	Mr. Bipin Kumar Saraf	:	Member (Managing Director & CEO)
II.	Mr. Pralay Mondal	:	Member (Non-Executive Director)
III.	Mr. Biju Pillai	:	Member (Whole Time Director)

During the financial year 2019-20, the committee met once on 16th January, 2020.

9) **Annual General Meeting:**

The Annual General Meeting of the Company for FY 2018-19 was held on June 26, 2019 It was attended by the Chairperson of Audit Committee, Nomination and Remuneration Committee and by the Chairperson of the Board as required under Companies Act, 2013.

ATTENDANCE OF THE MEMBERS IN THE BOARD AND COMMITTEE MEETINGS:

Type of Meeting	No of meetings held	Mr. Amitabh Chaudhry	Mr. Bipin Kumar Saraf	Mrs Madhu Dubhashi	Mr. V. R. Kaundinya	Mr. K. N. Prithviraj	Mr. Pralay Mondal	Mr. Deepak Maheshwari	Mr. Biju Pillai
Board Meeting	5	5	5	5	5	5	5	4	2
Audit Committee	4	NA	NA	4	4	4	NA	NA	NA

AXIS FINANCE LIMITED

Nomination and Remuneration Committee	4	NA	2	4	4	NA	2	NA	NA
Risk Management Committee	4	NA	4	4	NA	4	NA	3	NA
Committee of Directors	9	NA	9	NA	NA	9	NA	7	NA
CSR Committee	1	NA	1	1	NA	NA	NA	NA	NA
IT Strategy Committee	3	NA	3	NA	3	NA	3	NA	NA
Grievance Redressal Committee	1	NA	1	NA	NA	NA	1	NA	NA
Annual General Meeting	1	1	1	1	1	1	0	NA	NA

ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY:

The new accounting standard IND AS has become applicable to your company from April 2018 and therefore The Financial Statements of the Company has been prepared in accordance with the provisions of IND AS.

Further, since the parent company of Axis Finance Limited, namely, Axis Bank Limited still continues to report under the IGAAP Accounting standard. Axis Finance Limited too will be required to prepare financials as per IGAAP for the purpose of consolidation.

SECRETARIAL STANDARDS:

The Company complies with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

AXIS FINANCE LIMITED

AUDITORS

I) Statutory Auditors

In accordance with the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder (the Act), S.R. Batliboi & Co. LLP, Chartered Accountants, Mumbai, (FRN 301003E) were re-appointed as the Auditors of the Company for a term of five years to hold office from the conclusion of 23rd Annual General Meeting (held in the calendar year 2018) till the conclusion of the 28th Annual General Meeting to be held in the calendar year 2023. During the year under review, the statutory auditors have not reported any incident of fraud to the Audit Committee. Further the statutory auditors have not made any reservation or qualification in their Audit Report.

II) Internal Auditors

In terms of provisions of Section 138 of the Act and other applicable laws, M/s Protiviti India Member Pvt Ltd, Mumbai were the Internal Auditors of the Company for the FY 2019-20. The Internal Audit reports are reviewed by the Audit Committee on periodical basis.

III) Secretarial Auditors

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 M/s. BNP & Associates, Practicing Company Secretaries, Mumbai to conduct the secretarial audit for the financial year ended March 31, 2020. The Report of the Secretarial Auditor is provided as **Annexure VI** to this Report.

There are no qualifications or adverse remarks in the Secretarial Audit Report.

COMPLIANCES OF RBI GUIDELINES

The company continues to comply with the applicable regulations and guidelines of the Reserve Bank of India as applicable to a Non- Banking Non Deposit Taking Systemically Important Loan Company ('NBFC-ND-SI'). The company has submitted returns with RBI on timely basis.

CHANGE IN NATURE OF BUSINESS, IF ANY

During the year under review, there was no change in the nature of business of the Company

AXIS FINANCE LIMITED

MATERIAL CHANGES, IF ANY, POST FINANCIAL YEAR ENDED MARCH 31, 2020

The spread of COVID-19 has severely impacted many economies around the globe. Businesses are being forced to cease or limit operations for long or indefinite period of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses, resulting in an economic slowdown and economic uncertainties. Measures have also been taken by the Government and the Reserve Bank to ease the burden on the businesses from hardship. The impact of the COVID-19 pandemic on the financial position of the company will depend on future developments, including among other things, extent and severity of the pandemic, mitigating actions by governments and regulators, time taken for economy to recover, etc.

MATERIAL ADVERSE ORDERS, IF ANY

There are no significant and material orders passed by the Reserve Bank of India or the Ministry of Corporate Affairs or Courts or Tribunals or other Regulatory/ Statutory authorities which will have an impact on the going concern status of the Company and Company's operations in future.

DIRECTORS RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

(a) that in the preparation of the annual financial statements for the year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit and loss of the company for that period;

AXIS FINANCE LIMITED

AXIS FINANCE

(c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) The directors have prepared the annual accounts on a going concern basis;

(e) The directors, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively and

(f) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

The Board wishes to place on record their appreciation for the dedication and hard work put in by the employees of the Company at all levels and the support extended by various stakeholders of the Company. The relationships with regulatory authorities and clients remained good during the year under review.

The Board is also thankful to the Reserve Bank of India and other regulatory authorities for their cooperation, guidance and support extended by them to the Company in its endeavours.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

AMITABH CHAUDHRY
CHAIRMAN
DIN: 00531120

Place: Mumbai
Date: 30/05/2020

AXIS FINANCE LIMITED

AXIS FINANCE

Annexure – I

AXIS FINANCE LIMITED

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS:

S. No	Particulars	Details
i)	Corporate Identification Number	U65921MH1995PLC212675
ii)	Registration Date	April 27, 1995
iii)	Name of the Company	Axis Finance Limited
iv)	Category / Sub-Category of the Company	NBFC- Public company limited by shares and having share capital
v)	Address of the Registered office and contact details	Axis House, Ground Floor, Wadia International Centre, P.B. Marg, Worli, Mumbai – 400 025 Maharashtra, IN Tel- 022- 4325 5717 Fax- 022-4325 5732 Email – rajneesh.kumar@axisfinance.in Website – www.axisfinance.co.in
vi)	Whether listed company	Equity Shares: - No Debentures: - Yes, the Non-Convertible Debentures of the Company, issued on private placement basis are listed on BSE
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	**KARVY COMPUTERSHARE PVT. LTD.** Karvy House, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad- 500 034 Telangana, IN Tel- 040 - 23312454 Fax- 040 - 23311968 Email – varghese@karvy.com

AXIS FINANCE LIMITED

AXIS FINANCE

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:

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Credit Granting (Non-Deposit Taking Non-Banking Financial Activity)	64920	100%

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 Add:	L65110GJ1993PLC020769	Holding	100*	Section 2(46)

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

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters (1) Indian a) Individual/HUF b) Central Govt c) State Govt (s) d) Bodies Corp. e) Banks / FI f) Any Other....	48,07,50,000*	NIL	48,07,50,000*	100*	48,07,50,000*	NIL	48,07,50,000*	100*	NIL
Sub-total (A) (1):-									
(2) Foreign a) NRIs - Individuals b) Other – Individuals c) Bodies Corp. d) Banks / FI	48,07,50,000*	NIL	48,07,50,000*	100*	48,07,50,000*	NIL	48,07,50,000*	100*	NIL

AXIS FINANCE LIMITED

e) Qualified Foreign Investor e) Any Other.... **Sub-total (A) (2):- Total shareholding of Promoter (A) = (A)(1)+(A)(2)**	**48,07,50,000***	**NIL**	**48,07,50,000***	**100***	**48,07,50,000***	**NIL**	**48,07,50,000***	**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) FIIs h) Foreign Venture Capital Funds i) Qualified Foreign Investor j) Alternate Investment Funds k) 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 uptoRs. 1 lakh ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh c) Others (specify) **Sub-total (B)(2):-**	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+ (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

AXIS FINANCE LIMITED

C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	
Grand Total (A+B+C)	**48,07,50,000***	**48,07,50,000***	**NIL**

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

ii) Shareholding of Promoters

S. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of 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	% change in share holding during the year
1	Axis Bank Limited	48,07,50,000*	100*	**NIL**	48,07,50,000*	100*	**NIL**	**NIL**
	Total	**480,75,00,00***	**100***	**NIL**	**480,75,00,00***	**100***	**NIL**	**NIL**

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

AXIS FINANCE LIMITED

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

S. 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	* 48,07,50,000	100	* 48,07,50,000	100
	Date wise Increase / Decrease in Promoters Share holding during the year	NIL	NIL	NIL	NIL
	At the End of the year	* 48,07,50,000	100	* 48,07,50,000	100

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

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

Note- 100% shares are held by Axis Bank Limited, the holding Company including 60 shares held by individuals as Nominee of Axis Bank Limited (beneficial ownership of which is with Axis Bank.)

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:					
1	*Jairam Sridharan	Director	10	Negligible	10	Negligible
	At the End of the year:					
1	*Pralay Mondal	Director	10	Negligible	10	Negligible

***holding the Shares as a nominee of Axis Bank Limited**

AXIS FINANCE LIMITED

AXIS FINANCE

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				
i) Principal Amount	3792,41,33,467	2915,82,13,329		6708,23,46,796
ii) Interest due but not paid	137,06,69,313		-	
iii) Interest accrued but not due		30,53,23,172		167,59,92,485
Total (i+ii+iii)	3929,48,02,780	2946,35,36,501	-	6875,83,39,281
Change in Indebtedness during the financial year			-	
□ **Addition**	436,92,29,658			436,92,29,658
□ Reduction		(785,24,02,077)		(785,24,02,077)
Net Change	436,92,29,658	(785,24,02,077)	-	(348,31,72,419)
Indebtedness at the end of the financial year				
i) Principal Amount	4229,33,63,125	2130,58,10,950		6359,91,74,075
ii) Interest due but not paid			-	
iii) Interest accrued but not due	239,91,38,457	30,53,45,545		270,44,84,002
Total (i+ii+iii)	44,69,25,01,582	21,61,11,56,495	-	**66,30,36,58,077**

AXIS FINANCE LIMITED

AXIS FINANCE

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S.No.	Particulars of Remuneration	Name of MD	Name of WTD	Total Amount (Rs. In Lacs)
		MR. BIPIN KUMAR SARAF	***Mr. Biju Pillai**	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	189.61	51.25	240.86
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	47.83	NIL	47.83
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission as % of profit	NIL	NIL	NIL
5	Others, please specify Variable Incentives	NIL	NIL	NIL
	Total (A)	237.44	51.25	288.69
	Ceiling as per the Act ***5% of the net profit calculated as per Section 198***			1,202.23

* Mr. Biju Pillai, Whole Time Director of the Company appointed w.e.f. November 07, 2019

B. Remuneration to other directors:

S. no.	Particulars of Remuneration	Name of Directors			Total Amount (Rs. In Lacs)
		Mr. V.R Kaundinya	**Mrs. Madhu Dubhashi**	**Mr. K N Prithviraj**	
	1. Independent Directors				
	Fee for attending board / committee meetings	8.00	9.00	11.00	28.00
	Commission	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL

AXIS FINANCE LIMITED

	Total (1)	8.00	9.00	11.00	28.00
	2. Other Non-Executive Directors Fee for attending board /	NONE			NIL

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

S.no.	Particulars of Remuneration	Key Managerial Personnel		
		CFO (Mr. Amith Iyer)	Company Secretary (Mr. Rajneesh Kumar)	Total (Rs. In Lacs)
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	109.12	55.17	164.29
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4.64	NIL	4.64
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission as % of profit	NIL	NIL	NIL
5	Others	NIL	NIL	NIL
	Total	113.76	55.17	168.93

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

FOR AND ON BEHALF OF BOARD OF DIRECTORS

AMITABH CHAUDHRY
CHAIRMAN
DIN: 00531120
Place: Mumbai
Date: 30/05/2020

AXIS FINANCE LIMITED

Annexure- III

DISCLOSURES IN TERMS OF SUB-SECTION 12 OF SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

<table>
<tr><th rowspan="2">Sr. No.</th><th rowspan="2">Disclosure Requirement</th><th colspan="3">Disclosure Details</th></tr>
<tr><th>Name</th><th>Title</th><th>Ratio</th></tr>
<tr><td>1.</td><td>Ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year</td><td>Mr. Bipin Kumar Saraf</td><td>MD & CEO</td><td>27:1</td></tr>
<tr><td rowspan="4">s2.</td><td rowspan="4">Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year</td><th>Directors/KMP's</th><th>Title</th><th>% increase in remuneration</th></tr>
<tr><td>Mr. Bipin Kumar Saraf</td><td>MD & CEO</td><td>13%</td></tr>
<tr><td>Mr. Amith Iyer</td><td>Chief Financial Officer</td><td>13%</td></tr>
<tr><td>Mr. Rajneesh Kumar</td><td>Company Secretary</td><td>11%</td></tr>
<tr><td>3.</td><td>Percentage increase in the median remuneration of employees in the financial year</td><td colspan="3">-2 %.
The median remuneration declined by 2% as the employee count increased from 276 as on 31 Mar 2019 to 646 as on 31 Mar 2020 and new employee addition are predominantly in the lower and middle management levels.</td></tr>
<tr><td>4.</td><td>Number of permanent employees on the rolls of company</td><td colspan="3">646 permanent employees were on the rolls of the Company as on March 31, 2020</td></tr>
<tr><td>5.</td><td>Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration</td><td colspan="3">Average remuneration increase for Non managerial personnel of the company during the financial year was 11% and the average remuneration increase for the said managerial personnel of the company was 12%.

Remuneration increase is dependent on AFL's performance as a whole, individual performance level and also market benchmarks.</td></tr>
<tr><td>6.</td><td>Affirmation that the remuneration is as per the remuneration policy of the company</td><td colspan="3">The remuneration is as per the Remuneration Policy of the Company.</td></tr>
</table>

AXIS FINANCE

Annexure - IV

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

(As prescribed under Section 135 of the Companies Act, 2013 and The Companies (Corporate Social Responsibility Policy) Rules 2014)

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 or programs.

   The CSR Policy was approved by the Committee on March 10, 2015 and subsequently was put on the Company's website. Weblink to the Company's CSR Policy: http://www.axisfinance.in

2. The Composition of the CSR Committee:

   I. Shri Deepak Maheshwari (Chairman),
   II. Shri Biju Pillai,
   III. Smt. Madhu Dubhashi

3. Average net profit of the Company for last three financial years: **Rs. 299.74 Crores**

4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) – **Rs. 5.99 Crores**

5. Details of CSR spent during the financial year.
   (a) Total amount to be spent for the financial year (2019-20); **(Rs. 5.99 Crores)**
   (b) Amount unspent , if any; NIL
   (c) Manner in which the amount spent during the financial year is detailed below.

(Rs. In Crores)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified.	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or Programs was	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Subheads : (1) Direct expenditure on projects or programs.	Cumulative expenditure upto to the reporting period.	Amount spent: Direct or through implementing agency

AXIS FINANCE LIMITED

AXIS FINANCE

			undertake n		(2) Overheads :		
1.	Social Welfare Programs of Axis Bank Foundation *	Sustainable Livelihood	Local Area	**5.99**	1. **5.99** 2. Over Heads: NIL	**5.99**	**5.99**
	TOTAL						**5.99**

* Give details of implementing agency: Axis Bank Foundation has been setup as a Public Trust by Axis Bank as its CSR arm committed itself to undertake various socially relevant endeavors with a special vision & mission to eradicate poverty, providing sustainable livelihoods, education of the underprivileged, healthcare, sanitation, etc. (Social Welfare Programmes)

6. In case the Company has failed to spend the two per cent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. – **NA**

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

   The CSR Committee hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Saraf	Maheshwari
Bipin Kumar Saraf Managing Director & CEO DIN – 06416744	Deepak Maheshwari (Chairman CSR Committee) DIN - 08163253

AXIS FINANCE LIMITED

Annexure V

Axis Finance Limited
Annual Report 2019-20

Management Discussion and Analysis

Axis Finance Limited – Overview

Axis Finance Limited (AFL) is a non-deposit taking Non-Banking Financial Company and provides wholesale and retail financial solutions across select product categories. This business was acquired by Axis Bank from the erstwhile Enam Securities and was renamed to Axis Finance Limited in FY2013-14. At present, AFL has a robust capital adequacy position, which is a key enabler for its future growth.

Economic Review

Macroeconomic Environment

FY2019-20 was a challenging year with growth of most economies around the world slowing down during the first three quarters. Uncertainty over the US-China trade war, and the attendant value chain impacts thereof, were the key pressure points that affected manufacturing and trade. The phase 1 of US-China trade deal temporarily resolved this issue, leading to a spurt of activity in December and January mainly due to increased consumption and business investments, but the onset of the COVID-19 outbreak in China caused conditions to weaken again. This caused multiple value chain disruptions and took activity metrics sharply lower across the board, beginning with China, and quickly turning into a global pandemic. Lockdown measures enforced in major countries will likely keep growth negative for FY21 as a whole. Authorities have reacted swiftly, using the entire gamut of monetary and fiscal support tools. These will likely remain for some time, with the recovery in growth also likely to be slower and more interrupted than initially anticipated. The IMF's latest World Economic Outlook projects a contraction of global growth in CY20 at -3%, with that of advanced economies declining to -6.1%.

India's macro fundamentals deteriorated in FY2019-20, with growth conditions continuing to worsen, while inflation – long managed through good government food price management – rose sharply in H2 FY2019-20. The government also invoked the escape clause available under the Fiscal Responsibility and Budget Management (FRBM) Act to exceed its budgeted FY2019-20 fiscal deficit by 0.5% of GDP (to 3.8%). Increased recourse to other government funds and the use of PSU balance sheets have also been seen, leading overall debt to GDP to tick upwards over the past few years. Growth and fiscal metrics are expected to deteriorate sharply, given the focus on containing the COVID-19 pandemic and the ensuing fiscal policy measures. Current inflation trends remain elevated, driven by higher food prices around the start of the calendar year. A good monsoon and high levels of sowing bode well for agri output, though unseasonal rains and unavailability of labour pose risks to this. However, weak conditions are likely to keep inflation subdued in the medium term, allowing RBI to continue and further its accommodative stance as and when required. The fall in crude oil prices is once again fortuitous for India, but the direct impact will be offset by weaker exports, reduced remittance inflows, as well as higher interest outflows given the heavy borrowing carried out in FY2019-20. Q4 also saw heavy financial outflows, with Foreign Portfolio Investment (FPI) outflows

AXIS FINANCE LIMITED

reaching record highs during the month of March. In this scenario, INR depreciated sharply to form new lows of around 76.90. FPI outflows are known to reverse quickly once conditions normalise, but concerns around India's sovereign rating remain a risk on this front. Credit growth has been strong in the last few months as the uncertainty encouraged drawing of bank lines, but weak demand conditions make sustained credit growth unlikely. However, deposit growth is likely to be strong in line with RBI supported liquidity measures.

Against this macro backdrop, funding avenues for NBFCs have become scarce – NBFCs have increasingly moved to foreign currency financing in FY2019-20, and demand in the near term in offshore markets appears very slack, given the COVID-19 related uncertainty, as well as downward pressure on India's sovereign rating (owing to the pressures on fiscal deficit). Apart from action on interest rates and increasing bank-owned reserves (system liquidity), the RBI has also announced moratorium and deferment of loan repayments, which may heighten liquidity concerns at NBFCs. To some extent, these concerns are offset by the availability of funding through RBI's TLTRO facilities, though uptake by banks has been limited to top-rated NBFCs. The differentiation between those NBFCs with a strong balance sheet, good parentage or quality assets will likely remain as these would still be able to access market funds.

Outlook

Given the evolving situation, it is difficult to assess the exact impact of coronavirus on growth in economic activity. If the spread of virus is contained within a reasonable time, impact on growth is likely to be for the short term and it should recover in the second half of FY2020-21. Simulative measures announced by major global central banks and governments of many countries should help counter the impact on growth to a certain extent. Further, this combination of a weak near-term growth, liquidity easing and low commodity prices bode well for global rates and inflation, which may remain lower for an extended period and may also result in lower yields in India.

While the immediate impact of disruption is negative for India in the near term, once the spread is contained, India stands to benefit in this environment. Disruption in global supply chains caused by this event has highlighted the risk of overdependence on a single country. Thus, over the medium to long term, many global MNCs are likely to consider diversifying their manufacturing operations from China, and India could be a likely beneficiary, given the low corporate tax rate, skilled population, relatively low wages and a large domestic market.

Industry Insight

Prominent developments in the NBFC sector

NBFCs form 21% of total lending in India's banking and financial services sector and have significantly outperformed banks during the period FY2014-15 to FY2017-18. However, their growth has moderated in the past two years after emergence of serious liquidity issues. In FY2019-20, growth in this sector moderated to 9-11% with rising divergence in the performance of stronger and weaker players.

It was another year of challenges as most NBFCs faced difficulties in raising funds (amid high cost of funds) and managing liquidity. Their share of market borrowings came down from 77% in FY2015-16 to 66% in FY2019-20, while that of bank borrowings increased. Most small and mid-sized NBFCs refrained from raising funds via NCDs and CPs. Mutual fund investments in these companies declined by 60% during the year.

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Among the key segments, NBFCs that focused on the wholesale segment (including MSMEs) have witnessed the highest impact with companies having higher lending to asset-backed and consumer loans (vehicle loans, home loans, consumer durables) performing relatively better. However, the quantum of delinquent loans has increased under wholesale, loan against property and low-cost housing segments.

As the coronavirus crisis intensifies in the country, the road ahead for NBFC players appears weak and recovery would be spread out over at least two to three quarters post normalisation of this situation. The Government of India as well as the RBI continue to announce measures aimed at reviving the economy. However, benefits from these are likely to materialise in a slow and gradual manner.

Growth trends in the NBFC sector

%	FY15	FY16	FY17	FY18	FY19E	FY20P
Bank credit growth (y-o-y)	9.7	6.9	2.7	7.4	11-12	12-13
NBFC credit growth (y-o-y)	19.4	17.7	13.2	20.8	12.7	9-11

E: Estimated
P: Projected

Business Review

Operating performance **Rs. In Cr.**

Particular	FY20	FY19	% Change
Interest Income	994.01	888.18	
Interest expense	520.34	499.64	
Net Interest Income	**473.67**	**388.54**	**21.91**
Other Income	6.35	7.04	
Expenses			
Employee Benefits Expenses	54.99	26.85	
Depreciation, amortization and impairment	4.01	1.23	
Others expenses	39.74	20.51	
Total Expenses	**98.74**	**48.59**	**103.21**
Profit/(loss) before taxes & impairment	**381.28**	**346.99**	**9.88**
Impairment on financial instruments	140.83	21.58	
Profit/(loss) before taxes	**240.45**	**325.41**	**-26.11**
Tax Expenses	76.74	114.86	
Profit/(loss) for the period	**163.71**	**210.55**	
Other comprehensive income	-0.33	-0.01	
Total comprehensive income	**163.38**	**210.54**	**-22.40**

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The total comprehensive income for the year ended 31 March, 2020 stood at Rs. 163.38 crs, down as compared to Rs. 210.54 crs last year, primarily on account of higher provisions due to increase in Stage 3 accounts and macroeconomic overlay considering the impact of Covid-19 on the economy and operating expenses incurred to scale up the retail business.

The Profit before impairment and taxes grew 10% to Rs. 381.28 crs, driven by a 22% growth in NII from Rs. 389 crs to Rs. 474 crs. The Operating expenses rose by more than 100% to Rs. 99 crs driven by higher employee and other expenses incurred for scaling up the retail segment of the business.

The Expected Credit Loss(ECL) provisions increased to Rs. 141 crs for FY20 from Rs. 22 crs in FY19, mainly to increase in Stage 3 accounts as also on account of the macroeconomic factors in the ECL model articulating the impact of Covid-19.

Loan Book Performance

Rs. in Crores	FY20	FY19
Closing Book*	7,816	8,140

*based on actual customer outstandings not adjusted for IND AS workings

AFL's closing AUM stood at Rs. 7,816 Crores, down 4% from Rs. 8,140 Crores in FY2018-19. The marginal decline in loan growth on the closing AUM basis was mainly on account of adoption of a cautious lending approach in Q4 in view of the uncertain macroeconomic scenario post COVID-19 as well as a rundown of the LAS book and accelerated prepayments in certain business segments.

The company operates in the wholesale and retail business segments, while presently the wholesale segment contributes to major share of loans with Rs. 7564 crs , the retail segment is in the scale up phase with outstandings at Rs. 252 crs as on 31st March 2020.

In the wholesale segment the company continues to focus on 3 major product lines

- Corporate Loans
- Real Estate Funding
- Collatarised loans

In the retail segment the company offers the below product lines

- Loan against Property
- Business Loans
- Consumer Finance Loans

Segment-wise highlights of the year

Wholesale	Retail
• Asset growth muted owing to the sluggish macro-economic environment and the cautious approach adopted by AFL • Share of cash flow backed and A- and above transactions grew 51% over FY2018-19	• Healthy business momentum as reflected in new customer additions of 30,000+ • AFL focused on growing the pie of secured book and creating niche in micro segments

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• Recoveries outpaced disbursements due to increased collection initiatives	

Segment-wise strategic priorities for the future

Wholesale	Retail
• A cautious book building approach amid these disruptions & unfolding "new normal". Lending in select micro markets and sectors less impacted by the current crisis. • Increased focus on building a stable portfolio and targeting large groups and companies eco-system with cash flow backed models. • Focus on collateralised loans to medium sized companies particularly non-cyclical sectors and groups with strong operating entities • Targeted diversification and adding granularity to the book • Deepening relationships with existing customers • Protecting and maintaining asset quality, focusing on recoveries of NPA accounts. • Safeguarding yields while trying to reduce borrowing costs and thereby aiding NIMs. • Expanding reach through existing corporate clientele of Axis Bank as well as Axis Capital. • Strengthening AFL's risk management framework, systems & processes and optimising costs & efficiencies.	• AFL would leverage Axis group's ecosystem to deliver value propositions to customers across geographies in a cost effective manner. • For LAP, AFL is targeting cash-flow backed, underserved segments that are less impacted by cyclical trends. • For business loans, AFL caters to the underserved customers who have a strong business with cash collections but are not formally into banking and /or don't have adequate credit history. • For consumer finance, AFL is looking to reduce dependencies on open market and dealer led business. It will leverage the Axis Group databanks to bring affordable and attractive offers through the OEM tie ups. • The Company plans to target lifestyle products in the home improvement and furnishings space , fitness equipment products and so on. • AFL is also focused on personal loans to select salaried categories which are not catered to by existing lenders. • Enhancing distribution network to reach more markets • Continue to invest in technology

Capital Adequacy (%)

%	FY20	FY19
CRAR	23.01	21.09

The company continues to be well capitalised, with a Tier I capital ratio of 15.02%

COVID-19 Related Disclosure

The Covid-19 pandemic has resulted in significant downturn in economic activity across the country on account of the lock downs announced by the Government. The businesses of the majority of the Companies are affected negatively all over the world. The Covid-19 pandemic, has brought lock down, many restrictions and unexpected changes in the industry, which resulted in an adverse impact on the businesses, both organized or unorganized in India, and it has also impacted the economy of the country. The lock downs have also affected the company's operations across various locations.

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Consequently, it will result in slow down of lending activity till lockdown conditions are lifted. The Reserve Bank of India announced the 'Covid-19 Regulatory Package' on 27-March -2020 and the company has offered moratorium to eligible customers under the package. The existing loan book is being closely monitored to assess the impact of COVID 19 and proactive measures are being taken to minimize any COVID 19 related stress on the asset quality. AFL on its part has not sought any moratorium from its lenders and continues to maintain adequate liquidity to cover its debt repayments and operating expenses.

Given the dynamic nature of the pandemic situation and the uncertainty prevailing, the impact will be felt depending upon the severity and duration of the pandemic.

The management has taken the below steps to ensure business continuity during the lockdown imposed consequent to the COVID-19 pandemic.

Actioning the Business Continuity Plan (BCP)

AFL adopted a proactive approach and implemented multiple measures, both before and after imposition of the lockdown. Starting from February 24, the Company began to communicate all messages to safeguard health from Axis Bank to AFL employees. Some of the prominent measures taken by AFL are:

Pre-lockdown

- Formation of the Central Emergency Response Team (CERT) comprising MD & CEO, Executive Director and Chief Operating Officer
- Sent advisories around precautionary measures, insurance assistance, visitor management, among others
- Introduced a dedicated Doctors Helpline
- Launched BCP
- IT, HR and risk teams set-up guidelines for work-from-home

Post-lockdown

- Released guidelines on work-from-home
- Message from AFL senior management emailed to all employees
- Conducted daily calls between AFL senior management, CERT, and department huddles on Microsoft Teams
- Monitored key metrics and published daily dashboards
- Encouraged employees to adhere to social media guidelines
- Worked out post lockdown plan for scale up of operations

Outlook

Going forward, AFL will continue with its cautious stance while lending. As it adjusts to the 'new normal' post easing of the coronavirus threat, the manner of conducting business is likely to change significantly. The Company will constantly identify and address bottlenecks to achieve higher cost optimisation and efficiencies. Speeding up recoveries and protecting its asset quality will be another key priority. The overall endeavour would be to enhance margins, reduce cost of funds and maintain ROE at healthy levels. The Company's risk management framework, systems and processes, along with its underwriting processes, will be strengthened further. The Company will grow in segments having

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favourable risk-reward scenario and will invest prudently. It will progress on its journey of driving digitalisation as a tool for attracting, retaining and serving customers more efficiently.

SWOT Analysis:

Strengths	Weaknesses	Opportunities	Threats
Strong parentage Being a part of the Axis Group provides Axis Finance access to extensive industry expertise, vast database of customers and strong brand recall.	Relatively newer entrant in the sector	***Retail segment*** AFL is looking to grow in the high-potential retail segments such as consumer durables, loan against properties, vehicle finance, personal loans, among others.	***Prolonged slowdown in the economy*** Longer-than-expected slowdown in the economy could hamper the credit demand across both retail and wholesale segments.
Prominent positioning in the wholesale segment The Company has built a niche for itself in select categories within the wholesale segment such as collateralised loans, corporate loans and so on.	Smaller retail customer base	***Select segments in wholesale segment*** Opportunities are available to grow in the affordable housing, equipment finance, small and medium enterprise and so on.	***Intense competition*** Competitive has been intensifying across most segments of AFL. Any aggressive pricing actions could have some bearing on AFL's business.
Sound financial profile The Company has always followed a disciplined approach while managing its capital. Consequently, it has one of the best asset quality ratios as well as return ratios in the NBFC sector.	Limited branch network, high geographic concentration	***Digitalisation*** With rising acceptance of several digital platforms and offerings, companies having superior capabilities in this domain stand to benefit. AFL would continue making constant investments to bolster digitalisation and stands to gain market share by providing superior customer experience.	
Well-experienced leadership team AFL is spearheaded by a team comprising of experts across various sub-segments of the NBFC sector. Under their guidance, the Company has demonstrated			

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strong execution capabilities.			

Risk Management

AFL manages a variety of risks that can significantly impact its financial performance and also its ability to meet the expectations of its customers, shareholders, regulators and other stakeholders. AFL's risk appetite is articulated in a statement of risk appetite, which is approved by the Risk Management Committee of the Board. AFL has also put in place well-defined Product-level Risk Guardrails in terms of exposure concentration cap basis product type, geography, unsecured, capital market, among others, which are reviewed periodically.

Risks	Mitigation steps
Credit Risks/Operations Risks	• Policies and operating guidelines in place for all loan products • In-depth due diligence of loan proposals • Centralised credit decisioning for wholesale business and clearly defined delegation/deviation matrix for retail business • Exposures above Rs. 50 Crores sanctioned by Committee of Directors comprising 3 Directors (including 1 Independent Director) • Operational Risk Assessment to strengthen internal controls • Real-time risk monitoring of Loan against Securities (LAS) portfolio
Liquidity Risk	• Liability maturity broadly consistent with asset maturity with a prudent funding mix of market borrowing and bank borrowings. • As a policy, the Company maintains unutilised bank lines as a liquidity backstop • Prudent ALM management: Liquidity gaps are monitored by the ALCO and RMC. • Automated ALM system for liquidity risk management is under implementation

At AFL, Risk is everyone's responsibility. Every team member is required to comply with applicable laws, regulations, and Company policies. The Board holds the management accountable for establishing and maintaining the right risk culture and effectively managing risk.

Information Technology (IT)

AFL has always invested in procuring advanced technologies to meet the requirements of business, manage risks effectively and drive productivity. The Company periodically upgrades technological processes to strengthen its IT capabilities in fuelling growth. AFL has in place a Disaster Recovery Data Centre to ensure business continuity. It will continue to make further investments in IT systems and processes to increase overall efficiency and customer satisfaction.

Internal control systems

AFL observes compliance practices of the highest standard. The compliance team closely monitors the RBI and other notifications on NBFCs, with special attention to those relevant to the Company. The Company follows all prudential norms laid down for NBFCs and submits mandatory returns and statements in time. AFL has implemented a robust framework of internal controls that include precise

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delegation of authority and Standard Operating Procedures that are available in all business segments and functions. The Company follows the practice of monitoring various internal control functions in-house as well as through external auditors, whenever required or mandated. The Company also reviews risk management processes on a regular basis and documents the results.

Human Resources

AFL believes its employees are important pillars of success. It offers them a nurturing environment and a merit-based, rewarding work culture. The Company undertakes various employment engagement initiatives and regular reviews for optimal utilisation of human resources. Knowledge sharing and cross functional industry insights have enabled AFL's staff to meet evolving business environment.

With its proposed expansion of retail finance activity, AFL has inducted significant industry talent at the senior and middle levels into the organisation. Talent across diversified business processes has been inducted to strengthen the organisation's growth, profitability and sustainability.

To accelerate the Company's growth and agility across locations, it has focused on strategic hiring. As on March 31, 2020 the Company had 646 employees on its payroll with 488 employees in the Retail Finance segment.

The Company has undertaken steps to ensure employee health and safety while continuing its operations during the COVID-19 pandemic. Prior to the lockdown, precautionary measures such as hand sanitizers for all employees at the Central Office and branches, discontinuation of group meetings, encouraging use of digital channels for transactions besides restriction on non-essential domestic travel were implemented. During the lockdown, 98% of the employees have been working from home through VPN access, regular connects and reviews through Microsoft Teams Software and Bridge calls. Employees have been engaged in training, projects, SOPs and process upgrade assignments. The Directors place on record the appreciation of the effort and dedication of the employees in achieving good results during the year under review.

Cautionary Statement

Certain statements in this report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities, laws and regulations. Although the expectations are based on reasonable assumptions, the actual results could materially differ from those expressed or implied.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

AMITABH CHAUDHRY
CHAIRMAN
DIN: 00531120
Place: Mumbai
Date: 30/05/2020

AXIS FINANCE LIMITED

S.R. BATLIBOI & CO. LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Axis Finance Limited

Report on the Audit of the Indian Accounting Standard ("Ind AS") Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Axis Finance Limited ("the Company"), which comprises the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2020, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing ("SAs"), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Emphasis of Matter - Assessment of COVID 19 Impact

We draw attention to Note 3.20 to the Statement, which describes the uncertainties arising from COVID 19 pandemic and impacting the Company's operations and estimates related to impairment of assets, which are dependent on future developments regarding the severity and duration of the pandemic.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Impairment of financial instruments (expected credit losses)
(as described in note 39 of the standalone Ind AS financial statements)</td></tr>
<tr><td>Ind AS 109: Financial Instruments ("Ind AS 109") requires the Company to provide for impairment of its Loan & Advances and Investment receivables ("Financial Instruments") using the Expected Credit Losses ("ECL") approach. ECL involves an estimation of probability-weighted loss on Financial Instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances.
In the process, a significant degree of judgement has been applied by the management for:
a) Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default'.
b) Determining effect of less frequent past events on future probability of default.
c) Grouping of borrowers based on homogeneity by using appropriate statistical techniques;
d) Determining macro-economic factors impacting credit quality of receivables;

Impact of COVID-19
The spread of COVID-19 has severely impacted many economies around the globe. Businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses, resulting in an economic slowdown and economic uncertainties. Measures have also been taken by the Government and the Reserve Bank to ease the burden on businesses from hardship.
Pursuant to the Reserve Bank of India circular dated March 27, 2020 and May 23, 2020 ("RBI Circulars") allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company has extended moratorium to its borrowers in accordance with its Board approved policy as described in Note 3.20.

In management's view and considering the guidance provided by the Institute of Chartered Accountants of India, providing moratorium to borrowers at a mass scale, based on RBI directives, by itself is not considered to result in a SICR for such borrowers.</td><td>• Our audit procedures included considering the Company's accounting policies for impairment of Financial Instruments and assessing compliance with the policies in terms of Ind AS 109: Financial Instruments.

• Read the Company's policy with respect to moratorium pursuant to the RBI Circular and tested the implementation of such policy on a sample basis.

• Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.

• Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3.

• Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of Company's policy on moratorium.

• Tested the ECL model, including assumptions and underlying computation. Tested the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records.

• Tested the arithmetical accuracy of computation of ECL provision performed by the Company.

• Read and assessed the disclosures included in the Ind AS financial statements in respect of expected credit losses with the requirements of Ind AS 107 Financial Instruments: Disclosure ("Ind AS 107") and Ind AS 109.</td></tr>
</table>

The Company has recorded a management overlay of around Rs.26 crore as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. Given the unique nature and scale of the economic impact of this pandemic, and its timing being close to the year-end, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated. In view of the high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic, it is a key audit matter.	
Information Technology	
The Company's key financial accounting and reporting processes are highly dependent on the automated controls over the Company's information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. We have focused on user access management, segregation of duties and controls over system change over key financial accounting and reporting systems.	**General IT controls design, observation and operation:** • Tested key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. **User access controls operation:** • Obtained management's evaluation of the access rights granted to applications relevant to financial accounting and reporting systems and tested resolution of a sample of expectations. • Further, we assessed the operating effectiveness of controls over granting, removal and appropriateness of access rights. **Application controls:** • We tested the design and operating effectiveness of automated controls critical to financial accounting and reporting. • For any identified deficiencies, tested the design and operating effectiveness of compensating controls and, where necessary, extended the scope of our substantive audit procedures

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors Report but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 purposes of our audit;

   (b) In our opinion, proper 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, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Viren H. Mehta
Partner
Membership Number: 048749

UDIN: 20048749AAAAIB9947

Place of Signature: Mumbai
Date: May 30, 2020

Annexure 1 referred to under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Axis Finance Limited ("the Company")

(i)(a) The Company has maintained proper records showing full particulars, including quantitative details and location of fixed assets.

(i)(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(i)(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(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 explanation 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, and other statutory dues applicable to it, except in case of goods and services tax for the month of March 2020 where the Company has deposited the goods and services tax, without payment of late fee and interest, after the original due date but within the timelines prescribed and in accordance with by circular no 136/06/2020-GST dated April 3, 2020 issued by Central Board of Indirect Taxes and Customs. The provisions relating to employees' state insurance, duty of customs, duty of excise, value added tax and cess are not applicable to the Company.

(vii)(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, goods and services tax and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to employees' state insurance, duty of customs, duty of excise, value added tax and cess are not applicable to the Company.

(vii)(c) According to the information and explanations given to us, there are no dues of income-tax, goods and service tax, service tax, value added tax and cess which have not been deposited on account of dispute. The provision relating to employee's state insurance, sales tax, custom duty, excise duty and value added tax 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) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of non-convertible debentures for the purposes for which they were raised.

(x) Based upon the audit procedures performed for the purposes 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 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 explanation given by the management, the managerial remuneration has been paid 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(xi) 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, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Viren H. Mehta
Partner
Membership Number: 048749

UDIN: 20048749AAAAIB9947

Place: Mumbai
Date: May 30, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AXIS FINANCE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Axis Finance Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone 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 with reference to these standalone financial statements 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 with reference to these standalone financial statements 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, 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 over financial reporting with reference to these standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, 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 with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements 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, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2020, 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 Viren H. Mehta
Partner
Membership Number: 048749

UDIN: 20048749AAAAIB9947

Place of Signature: Mumbai
Date: May 30, 2020

AXIS FINANCE LIMITED

Balance Sheet as at 31 March, 2020

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial Assets			
Cash and cash equivalents	4	16,201.22	90.62
Trade Receivables	5	682.79	505.56
Loans	6	7,54,544.33	7,92,579.89
Investments	7	9,027.93	9,977.43
Other financial assets	10	86.72	11.10
Sub-total-Financial Assets		**7,80,542.99**	**8,03,164.60**
Non-Financial Assets			
Current Tax Assets (net)	36	4,259.55	2,883.32
Deferred Tax Assets (net)	36	6,619.93	5,018.33
Property, plant and equipment	8	219.51	115.96
Other Intangible Assets	9	1,408.36	1,324.95
Right-of-use assets	38	360.28	-
Other non-financial assets	11	203.14	110.37
Sub-total-Non-Financial Assets		**13,070.77**	**9,452.93**
Total - Assets		**7,93,613.76**	**8,12,617.53**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Debt securities	12	3,80,677.80	3,87,429.43
Borrowings (Other than debt securities)	13	2,29,442.06	2,47,251.90
Subordinated Liabilities	14	52,916.72	52,902.06
Lease Liabilities	38	372.87	-
Other financial liabilities	15	3,533.68	778.71
Sub-total-Financial liabilities		**6,66,943.13**	**6,88,362.10**
Non-Financial liabilities			
Provisions	16	1,202.24	825.93
Other non-financial liabilities	17	1,358.31	1,390.23
Sub-total-Non-Financial liabilities		**2,560.55**	**2,216.16**
Total-liabilities		**6,69,503.68**	**6,90,578.26**
EQUITY			
Equity share capital	18	48,075.00	48,075.00
Other equity	19	76,035.08	73,964.27
Total - Equity		**1,24,110.08**	**1,22,039.27**
Total - Liabilities and Equity		**7,93,613.76**	**8,12,617.53**

The accompanying notes are forming part of financial statements
As per our attached report of even date

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration No.301003E/E300005

per Viren H. Mehta
Partner
Membership No.: 048749
Place of Signature: Mumbai
Date: May 30, 2020

For and behalf of the board of Axis Finance Limited

Amitabh Chaudhry
Chairman
DIN No: 00531120

Bipin Kumar Saraf
Managing Director
DIN No: 06416744

Amith Iyer
Chief Financial Officer

Rajneesh Kumar
Company Secretary
Membership No: A31230

S.R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

AXIS FINANCE LIMITED MUMBAI

AXIS FINANCE LIMITED

Statement of Profit and Loss for the year ended 31 March, 2020

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations			
Interest Income	20	99,401.10	88,818.73
Net gain on fair value changes		143.07	614.00
Others	21	459.76	1.05
Total Revenue from operations		**1,00,003.93**	**89,433.78**
Other Income	22	31.90	88.65
Total income		**1,00,035.83**	**89,522.43**
Expenses			
Finance Costs	23	52,033.65	49,963.73
Impairment on financial instruments	24	14,083.03	2,158.47
Employee Benefits Expenses	25	5,499.38	2,685.27
Depreciation, amortization and impairment	26	401.15	123.05
Others expenses	27	3,974.12	2,051.24
Total expenses		**75,991.33**	**56,981.76**
Profit before exceptional items and tax		**24,044.50**	**32,540.67**
Exceptional Items		-	-
Profit before taxes		**24,044.50**	**32,540.67**
Tax expenses			
- Current Taxes	36	9,263.71	12,630.11
- Deferred Taxes	36	(1,590.36)	(1,144.18)
Profit for the period		**16,371.15**	**21,054.74**
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
(a) Re-measurements of net defined benefit plans		(44.66)	(1.87)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(11.24)	(0.65)
Sub-total (A)		**(33.42)**	**(1.22)**
B (i) Items that will be reclassified to profit or loss		-	-
Sub-total (B)		-	-
Other Comprehensive Income (A+B)		**(33.42)**	**(1.22)**
Total Comprehensive Income for the year		**16,337.73**	**21,053.52**
Paid-up Equity Share Capital (Face Value of ₹ 10 each)		48,075.00	48,075.00
Earnings per equity share			
Basic (₹)		3.41	4.38
Diluted (₹)		3.41	4.38

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

per Viren H. Mehta
Partner
Membership No.: 048749
Place of Signature: Mumbai
Date: May 30, 2020

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

For and behalf of the board of Axis Finance Limited

Amitabh Chaudhry
Chairman
DIN No: 00531120

Bipin Kumar Saraf
Managing Director
DIN No: 06416744

AXIS FINANCE LIMITED MUMBAI

Amith Iyer
Chief Financial Officer

Rajneesh Kumar
Company Secretary
Membership No: A31230

AXIS FINANCE LIMITED

Statement of Changes in Equity for the year ended 31 March, 2020
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

1. Equity Share Capital

Particulars	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
As at 31 March 2019	48,075.00	-	**48,075.00**
As at 31 March 2020	48,075.00	-	**48,075.00**

1A. Other equity

Particulars	Reserves and Surplus			Deemed Capital Contribution	Total
	Statutory Reserve	Securities Premium	Retained Earnings		
Balance as at April 1, 2018	**12,755.00**	**28,217.50**	**11,621.51**	**182.10**	**52,776.11**
Profit for the year (a)	-	-	21,054.74	-	21,054.74
Remeasurement of defined benefit plans and fair value changes (b)	-	-	(1.22)	-	(1.22)
Total Comprehensive Income for the year (a+b)	-	-	21,053.52	-	21,053.52
Dividend including DDT	-	-	-	-	-
Transfer to/from retained earnings	4,211.00	-	(4,211.00)	-	-
Employee Stock Option	-	-	-	134.65	134.65
On issue of shares	-	-	-	-	-
Utilization during the year against share issue expense	-	-	-	-	-
Balance as at March 31, 2019	**16,966.00**	**28,217.50**	**28,464.03**	**316.75**	**73,964.27**
Profit for the year (a)	-	-	16,371.15	-	16,371.15
Remeasurement of defined benefit plans and fair value changes (b)	-	-	(33.42)	-	(33.42)
Total Comprehensive Income for year (a+b)	-	-	16,337.73		16,337.73
Dividend including DDT	-	-	(14,489.24)	-	(14,489.24)
Transfer to/from retained earnings	3,865.00	-	(3,865.00)	-	-
Employee Stock Option	-	-	-	222.32	222.32
On issue of shares	-	-	-	-	-
Utilization during the year against share issue expense	-	-	-	-	-
Balance as at March 31, 2020	**20,831.00**	**28,217.50**	**26,447.51**	**539.07**	**76,035.08**

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration No.301003E/E300005

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

per Viren H. Mehta
Partner
Membership No.: 048749
Place of Signature: Mumbai
Date: May 30, 2020

For and behalf of the board of Axis Finance Limited

Amitabh Chaudhry
Chairman
DIN No: 00531120

Bipin Kumar Saraf
Managing Director
DIN No: 06416744

AXIS FINANCE LIMITED MUMBAI

Amith Iyer
Chief Financial Officer

Rajneesh Kumar
Rajneesh Kumar
Company Secretary
Membership No: A31230

AXIS FINANCE LIMITED

Statement of Cash Flows for the year ended 31 March, 2020
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
A. Cash flow from operating activities		
Profit before tax	**24,044.50**	**32,540.67**
Adjustments for:		
Depreciation, amortization and impairment (other than right-of-use assets)	368.70	123.05
Depreciation expense of right-of-use assets	32.45	-
Reversal of Provisions	(31.90)	(88.55)
Profit on sale of investment	(143.07)	(614.00)
Impairment on financial instruments	14,083.03	2,158.47
Employee Stock Option	222.32	134.65
Interest on Lease deposit	(1.02)	-
Amortisation of Lease rental	1.45	-
Provision for expenses	181.72	
Provision for Employee Benefit expense	768.26	
Interest income from investments (at amortised cost)	(1,125.89)	(12.38)
Operating profit before working capital changes	**38,400.55**	**34,241.91**
Movement in working capital:		
Decrease/(increase) in Trade Receivables	(185.30)	387.73
Decrease/(increase) in Loans	24,013.32	(1,41,902.15)
Decrease/(increase) in Other financial assets	(76.04)	-
Decrease/(increase) in Right-of-use assets	(392.73)	-
Decrease/(increase) in Other non-financial assets	(99.18)	(52.13)
Decrease/(increase) Debt securities	(6,751.62)	50,139.90
Decrease/(increase) Borrowings (Other than debt securities)	(17,809.84)	77,833.08
Increase/(decrease) Subordinated Liabilities	14.66	13.34
Increase/(decrease) in Lease Liabilities	407.37	-
Increase/(decrease) in Other financial liabilities	2,755.01	3,410.96
Increase/(decrease) in Provisions	(580.03)	276.36
Increase/(decrease) in Other non-financial liabilities	(31.92)	(75.38)
Cash generated from operations	**39,664.25**	**24,273.61**
Income tax paid	(10,639.95)	(13,822.94)
Net cash flow from operating activities (A)	**29,024.29**	**10,450.67**
B. Cash flow from investing activities		
Interest income from investments (at amortised cost)	1,122.66	-
Purchase of Property, plant and equipment	(187.42)	(82.05)
Sale of Property, plant and equipment	-	0.28
Purchase for Intangibles	(368.26)	(1,138.49)
Sales of investment at Amortised Cost	900.00	-
Purchase of investment at Amortised Cost	-	(9,967.00)
Proceeds from sale of investment at FVTPL	3,39,964.07	21,77,454.00
Purchase of investment	(3,39,821.00)	(21,76,840.00)
Net cash flow from investing activities(B)	**1,610.05**	**(10,573.25)**
C. Cash flow from financing activities		
Payment towards Lease Liability	(34.50)	-
Payment of Dividend	(12,018.75)	-
Payment of Dividend Distribution Tax	(2,470.49)	-
Net cash flow from financing activities(C)	**(14,523.74)**	**-**
Net increase/(decrease) in cash and equivalents(A+B+C)	**16,110.60**	**(122.59)**
Cash and cash equivalents at the beginning of the year	**90.62**	**213.21**
Cash and cash equivalents at the end of the year	**16,201.22**	**90.62**

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

AXIS FINANCE LIMITED

Statement of Cash Flows for the year ended 31 March, 2020

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Cash	0.07	0.14
Balance with banks	16,201.15	90.48
	16,201.22	**90.62**
Operational cash flows from interest		
Interest paid	41,459.67	46,834.71
Interest received	90,938.59	88,469.70

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

per Viren H. Mehta
Partner
Membership No.: 048749
Place of Signature: Mumbai
Date: May 30, 2020

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

For and behalf of the board of Axis Finance Limited

Amitabh Chaudhry
Chairman
DIN No: 00531120

Bipin Kumar Saraf
Managing Director
DIN No: 06416744

AXIS FINANCE LIMITED MUMBAI

Amith Iyer
Chief Financial Officer

Rajneesh Kumar

Rajneesh Kumar
Company Secretary
Membership No: A31230

2. Corporate information

Axis Finance Limited is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company is a non-deposit accepting non-banking finance Company or NBFC-ND-SI registered with Reserve Bank of India (RBI) holding Certificate of Registration No N-13.02001. The Company is mainly engaged in the business of financing activities. The Company's registered office is at Ground floor, Axis House, C-2 Wadia International Centre, P.B. Marg, Worli, Mumbai – 400025. Company's Debentures are listed at BSE Limited.

Financial Statements for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors on 30 May 2020.

2.1. Basis of preparation

(i) Compliance with Ind AS

The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016 and other relevant provisions of the Act.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest INR in Lakhs, except when otherwise indicated.

(ii) Historical Cost Convention

The Financial Statements have been prepared on a historical cost basis, except for the following

- Certain financial assets and liabilities which are measured at fair value/amortised cost;
- Defined benefit plans-plan assets measured at fair value; and
- Share Based payments.

2.2 Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 30.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

-The normal course of business
-The event of default
-The event of insolvency or bankruptcy of the Group and/or its counterparties

AXIS FINANCE LIMITED MUMBAI

3. Significant accounting policies

3.1 Recognition of interest income

3.1.1 The effective interest rate method

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortized cost, debt instrument measured at FVOCI and debt instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR.

3.1.2 Interest Income

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets

When a financial asset becomes credit-impaired (as set out in Note 3.2.6) and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures (as outlined in Note 3.2.6) and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income is shown as under Revenue from operations in the statement of profit or loss.

3.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when Company becomes party to the contractual provisions of the instruments.

3.2.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities and borrowings are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades, purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset. Loans are recognized when funds are transferred to the customers' account. The company recognizes debt securities, deposits and borrowings when funds reach the company.

3.2.2 Initial recognition, classification and subsequent measurement of financial assets

Financial assets are classified into one of the three categories for measurement and income recognition:

-Amortized Cost (AC)
-Fair value through other comprehensive income (FVOCI)
-Fair value through profit and loss (FVTPL)

Classification of financial assets is based on the assessment of business model and contractual cash flow test.

Financial asset is measured at amortized cost, if both the following conditions are met:

a) The financial asset is held within a business model whose objective is to hold the financial assets in order to collect the contractual cash flows; and
b) The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

AXIS FINANCE LIMITED MUMBAI

Further other things remain the same (as in (a) and (b) above), if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, such asset/s are classified as held at FVOCI.

In case of a financial asset that does not meet both the above conditions, it is classified as FVTPL.

a) Business Model (BM) Assessment

In order to arrive at the appropriate Business Model, the following factors are considered by the Company.

-How the performance of the business model (including the financial assets in that business model) are evaluated and reported to key management personnel within the Company.

-The risks that affect the performance of the business model (and the financial assets in it) and how those risks are managed.

Changes in Business Model

The Company periodically reviews and updates the existing business model for its portfolio as long as these changes are expected to be infrequent, significant to the entity's operations, and demonstrable to external parties.

b) Solely Payments of Principal and Interest (SPPI) Test

Contractual Cash Flow Assessment

To determine whether a financial asset is measured at either amortized cost or FVOCI, the Company has considered whether the cash-flows from the financial asset are solely for the payments of principal and interest ("SPPI").

For the purpose of Ind AS 109, principal and interest are defined as follows:

-Principal is the fair value of the financial asset at initial recognition

-Interest is consideration for:

-The time value of money

-Credit risk associated with the principal amount

-In addition, interest may also include consideration for other basic lending risks such as liquidity risk and costs of holding the asset (e.g. administrative costs)

-Interest may include a profit margin that is consistent with a basic lending arrangement

If the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding then the SPPI criteria is met.

The Company has classified its financial assets into the following four categories:

-Debt instruments at amortized cost

-Debt instruments at fair value through other comprehensive income (FVOCI)

-Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

-Equity instruments measured at fair value through other comprehensive income (FVOCI)

3.2.3 Initial measurement, classification and subsequent measurement of Financial Liabilities

Classification of Financial Liabilities

The Company classifies all financial liabilities at initial recognition based on contractual terms and business model for managing the instrument.

Initial and Subsequent measurement of Financial Liability

The Company measures the financial liability at its fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability, at initial recognition.

AXIS FINANCE LIMITED MUMBAI

Initial recognition and subsequent measurement of financial liability is based on their classification.
Company's most of the Financial Liabilities are measured initially and subsequently measured at amortized cost.

3.2.4 De-recognition of Financial Assets and Liabilities

a) De-recognition of Financial Assets
A financial asset is derecognized only when
-The Company has transferred the rights to receive cash flows from the financial asset or
-Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the company has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the company has not retained control of the financial asset. Where the company retains the control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

b) De-recognition of Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

3.2.5 Reclassification of Financial Assets and Financial Liabilities

The company is required to reclassify financial assets when and only when it changes its business model for managing financial assets.
Reclassifications are expected to be very infrequent. Such changes must be determined by the company's senior management as a result of external or internal changes and must be significant to the company's operations and demonstrable to external parties.
Further re- classification is not allowed in following cases;
-Investments in equity instruments irrevocably designated as at FVOCI cannot be reclassified.
-Reclassification of financial liabilities

3.2.6 Impairment of Financial Assets

The Company records allowance for expected credit losses (ECL) for all loans and debt investments, together with loan commitments to customers.
The ECL allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case the allowance is based on the 12 months' expected credit loss. Both life time expected credit loss and 12 months' expected credit loss are calculated on individual loan / instrument basis.
At the end of each reporting period, the Company performs an assessment of whether the loan's / investment's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the asset.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as under:

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months' expected credit loss. Stage 1 loans also include facilities where the credit risk has improved and the loan has been re-classified from Stage 2.
Stage 2: When a loan has shown significant increase in credit risk since origination, the Company records an allowance for the life time expected credit loss. Stage 2 loans also include facilities where the credit risk has improved and the loan has been re-classified from Stage 3.
Stage 3: When a loan is credit impaired, the Company records an allowance for the life time expected credit loss.

Calculation of Expected Credit Losses (ECL)
The Company calculates ECL to measure the expected cash shortfall, discounted at the Effective Interest Rate (EIR). Expected cash shortfall is the difference between the cash flows that are contractually due to the Company and cash flows that the Company expects to receive.
Key elements considered for ECL calculation are as under:
Probability of Default (PD): It is an estimate of the likelihood of default over a given time horizon. In order to estimate the PDs, studies on defaults available in public domain and experience of the Parent (Axis Bank Limited) have been taken into account.
Exposure at Default (EAD): EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayment of principal and interest, whether contractually scheduled or otherwise and expected drawdown on committed loan facilities and accrued interest from missed payments. A credit conversion factor of 10% is applied for expected drawdown on committed loan facilities.
Loss Given Default (LGD): LGD is an estimate of the loss arising in case where a default occurs. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realization of any security.

ECL is calculated as under:
Stage 1: The Company calculates the 12 months' ECL based on the expectation of a default occurring within 12 months from the reporting date. The expected 12-month PD is applied to the EAD and multiplied by the expected LGD and discounted at the EIR.
Stage 2: When a loan has shown significant increase in credit risk since origination, the Company records an allowance for life time expected credit loss as above, but the PD and LGD is estimated over the lifetime of the loan.
Stage 3: For loans considered credit impaired, life time ECL is recognised. The method is similar to that for Stage 2 loans / assets, with the PD set at 100%.

ECL based on simplified approach:
The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. However, if receivables contain a significant financing component, the Company chooses as its accounting policy to measure the loss allowance by applying general approach to measure ECL.

The Company also adopts a loss based approach to calculate ECL for assets predominantly secured by listed / quoted financial securities.
(Refer Note 28)

3.3 Fair Value Measurement
The Company measures financial instruments such as investment in mutual funds at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The Principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another marker participant that would use the asset in its highest and best use.

The company uses Net Asset Value (NAV) to fair value investments in mutual funds.

Fair value hierarchy
Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level. This is the case for unlisted equity securities included in level 3.
(Refer Note 29)

3.4 Recognition of Revenue
Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind AS.

The Company recognizes revenue from contracts with customers based on a five step model as set out in Ind 115:
Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when (or as) the Company satisfies a performance obligation

3.4.1Dividend income

Dividend income (including from FVOCI investments) is recognized when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

3.4.2Trading income

Trading income includes all gains and losses from changes in fair value and the related interest income or expense and dividends, for financial assets and financial liabilities held for trading.

3.5 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.6 Property, plant and equipment ('PPE')

PPE are held for use in supply of services and for administrative purpose, used for more than one period and not held for sale in the normal course of business. PPE and Capital work-in-progress ('CWIP') are stated at cost, net of accumulated depreciation.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repair and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

The Company is using cost model, depreciation is calculated on straight line method using the rates arrived based on useful lives as estimated by management. Depreciation on assets purchased during the year is provided on pro rata basis from the date asset is available for use as intended by management. Item of PPE is derecognized upon disposal, when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition is included in statement of profit or loss. The residual values, useful lives and method of depreciation of PPE are reviewed annually and adjusted prospectively.

AXIS FINANCE LIMITED MUMBAI

The Company has used below estimated useful lives to provide depreciation and amortization on its Property, plant and equipment.

Assets	**Estimated Useful Life (in years)**
Tangible Assets:	
Computers	3
Servers	3
Furniture & Fixtures	10
Office Equipment	5
Vehicles	4
Land and Building	60
Intangible Assets:	
Software	5

The management has estimated, supported by independent assessment by professionals, the useful life of the following class of asset.
Vehicles are depreciated over the estimated useful life of 4 years which is lower than those indicated in schedule II.
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.7 Intangible Assets

Intangible assets are assets without physical substance, controlled by Company as a result of past events and from which future economic benefits are expected to flow. Intangible asset includes computer software. Intangible assets are stated at cost, net of accumulated amortization and accumulated impairment losses.

Company using cost model, amortization is calculated on straight line basis using the rates arrived based on useful lives as estimated by management. Amortization on assets purchased during the year is provided on pro rata basis from the date asset is available for use. The residual values, useful lives and method of amortization are reviewed annually and adjusted prospectively.

Gains and 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 or loss when the asset is derecognized.

3.8 Impairment of 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.

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 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 or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

3.9 Provisions and Contingent liabilities

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expenses relating to a provision is presented in the statement of profit or loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liability is a possible obligation that arises from past events whose existence will be confirmed by 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 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 statement.

The preparation of financial statements in conformity with Ind AS 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. These are reviewed at each year end and reflect the best current estimate. (Refer Note 31, 32 & 37)

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.11 Taxes

<u>Current income Tax</u>

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 Income tax are those enacted or substantively enacted at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

<u>Deferred Tax</u>

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

-When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
-In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that temporary differences will not reverse in the foreseeable future.

Deferred tax assets re recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:
-When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
-In respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized to the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the goods and services tax/value added taxes paid, except:
-When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
-When receivables and payables are stated with the amount of tax included
-The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. (Refer Note No 36)

3.12 Employee Benefits

Employee benefits are all forms of consideration given or promised by an entity in exchange of services rendered by its employees. These benefits includes salary related benefits, termination benefits, post-employment benefits.

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP MUMBAI

<u>Compensated Absences</u>
Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short term employee benefit. Company measures the expected cost of such absence as the additional amount that it is expected to pay as result of the unused entitlement that has accumulated at the year end. Company treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purpose. Such long term compensated absences are provided for based on the actuarial valuation using the projected unit credit method or such other method as suggested by actuarial valuation at the reporting date. Actuarial gain and loss is recognized in Profit & Loss Statement.

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

<u>Gratuity</u>
Company provides for the gratuity, a defined benefit retirement plan covering all employees. Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.
Company recognizes the service cost (past and current), gain and losses on curtailment, non-routine settlement, net interest income or expense to Profit and Loss.
Re-measurement comprising of actuarial gain and losses on obligations/plan assets due to change in demographic, financial assumptions and experience are recognized immediately in the balance sheet with corresponding debit or credit to retained earnings in the period in which they occur through OCI under items that will not be reclassified to profit or loss. (Refer Note 35)

3.13 Lease Accounting :-
On 30th March 2019, the Ministry of Corporate Affairs (MCA) notified Indian Accounting Standard (Ind AS) 116, Leases as part of Companies (Ind AS) Amendment Rules, 2019. Ind AS 116 replaces existing standard on leases i.e. Ind AS 17, Leases with effect from accounting periods beginning on or after 1 April 2019

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.
The company adopted Ind AS 116 and according to that lessees to recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.
The company has disclosed ROU, Lease Liability and other details in the Notes to financial statements (Refer Note 38).

3.14 Earnings Per Share
Basic Earnings per share (EPS) is calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the EPS is the net profit for the period and any attributable tax thereto for 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 year are adjusted for the effects of all dilutive potential equity shares (Refer Note 33).

AXIS FINANCE LIMITED MUMBAI

3.15 Events after the reporting period

Events after the reporting period are those events, both favorable and unfavorable that occur between end of the reporting period and the date on which the financial statements are approved for issue.

Adjusting Events

Events which provide further evidence of conditions that existed at the end of the reporting period are adjusting events. Financials have been adjusted for those events.

Non-adjusting Events

Events which are of indicative of conditions that arise after the end of the reporting period are Non-adjusting events. Disclosure of the nature of event and estimate of its financial effect have been made in the financial statements.

There have been no events after the reporting date that require disclosure in these financial statements.

3.16 Related Party Disclosure

A related party is any party of entity that controls or can significantly influence the management or operating policies of the Company during the reporting period.
The Company has disclosed names of related parties with relationship and transaction between Company and its related parties in the Notes to financial statements (Refer Note 34).

3.17 Share based payments

Company select employees receive shares of Axis Bank Limited and company does not have obligation to settle the award, the award is treated as Equity settled plan. Company recognizes an expense for the grant date fair value of award over the vesting period and corresponding credit as "Deemed Capital Contribution" by parent.

3.18 Business Combination

Business combination is a transaction or event in which an entity obtain control of one or more business.
For business combinations between entities that are under common control, there is specific guidance included in Ind AS 103. Such business combinations are accounted by using the pooling of interests method.

Under the pooling of interests method:
-All assets and liabilities of the acquiree are reflected at their previous carrying values in the books of the acquirer.
-No adjustments are made to reflect any fair values, nor are any new assets recognised.
-The only adjustment permitted is the adjustment towards uniform accounting policies.

3.19 Significant accounting judgments, estimates and assumptions

The preparation of Ind AS financial statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures , as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the accounting policies, management has made the following judgments, which have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year.

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

a) Business model assessment

Classification and measurement of financial assets depends on the results of SPPI and the business model test. The company determines the business model at level that reflects how the groups of financial assets are managed together to achieve a particular business objective. The assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risk that affect the performance of the assets and how these are managed.

b) Fair Value of Financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions i.e exit price regardless of whether that price is directly observable or estimated using another valuation technique. When the fair value of financial asset and financial liabilities recorded in Balance sheet cannot be derived from active markets, they are determined using variety of valuation techniques that includes the use of valuation models.

c) Effective Interest Rate (EIR) method

The company's EIR methodology as explained in Note 3.1.1, recognizes interest income/expense using a rate of return that represents the best estimate of constant rate of return over the expected behavioral life of loans given/taken and recognizes the effect of potentially different interest rate at various stages and other characteristics of the product life cycle including repayment/pre-payment/part payment.

The estimation, by nature, requires an element of judgment regarding the expected behavior and life-cycle of the instruments, as well expected changes to base rate and other fee income/expense that are integral parts of the instrument.

d) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by number of factors, changes in which can result in different level of allowances.

The ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- The segmentation of financial assets when their ECL is assessed on a collective basis
- Determination of association between economic inputs such as external rating downgrade, any case against the customer filled by other lender
- Development of ECL models, including the various formulas and choices of inputs
- Determination of association between DPDs and Collateral Values and impact of the same on PD, LGD and EADs
- Experience of the parent (Axis Bank Limited), experience of peer's data and studies on defaults or losses available in public domain have been taken into account

The company will review its model in context of actual loss experience and adjust whenever necessary.

e) Provisions and other contingent liabilities

The company operates in a regulatory environment that by nature has element of litigation risk inherent to its operations.

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

When the company can reliably measure the outflow of economic benefit in relation to specific case and consider such outflow is probable, the company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incident. Significant judgment is required to conclude on these estimates.

3.20 Assessment of COVID - 19 Impact

A national lockdown was declared by Government of India with effect from March 24, 2020 as a result of the recent outbreak of Novel Corona Virus (COVID-19), which was further extended in phases up to May 31, 2020. The COVID-19 pandemic has resulted in significant decrease in the economic activities across the country and has also affected the Company's business operations in the last week of March 2020, due to such lockdown. Further in accordance with RBI guidelines relating to 'COVID-19 Regulatory Package' dated March 27, 2020 and dated May 23, 2020 ("RBI Circulars"), the Company offered/would offer moratorium on payment of instalments and/or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to its eligible customers based on requests as well as on a suo moto basis.

Estimates and associated assumptions applied in preparing these financial results/statements, especially for determining the impairment allowance for the Company's financial assets (Loans and Investments), are based on historical experience and other emerging/forward looking factors on account of the pandemic. The Company believes that the factors considered are reasonable under the current circumstances. The Company has used estimation of potential stress on probability of default and exposure at default due to Covid-19 situation in developing the estimates and assumptions to assess the impairment loss allowance on Loans. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and maybe affected by severity and duration of the pandemic. In the event the impacts are more severe or prolonged than anticipated, this will have a corresponding impact on the carrying value of financial assets, the financial position and performance of the Company.

The Company holds impairment allowances as at March 31, 2020, against potential impact of COVID-19 based on the information available at this point in time.

S.R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

AXIS FINANCE LIMITED MUMBAI

AXIS FINANCE LIMITED
Notes forming part of the financial statements
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

4 Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	0.07	0.14
Balances with banks		
(a) In current accounts	478.94	88.37
(c) In overdraft account	15,722.21	2.11
Total	**16,201.22**	**90.62**

5 Trade Receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Receivables considered good – Unsecured		
- Related parties	486.82	226.34
- Others	208.09	283.27
Less: Provision for impairment loss	12.12	4.05
Total	**682.79**	**505.56**

Note:

1. Refer Note 28 for Reconciliation of Expected Credit Loss balance.
2. There are no trade receivable from Directors or Officers of the Company.

6 Loans at amortised cost

Particulars	As at March 31, 2020	As at March 31, 2019
Secured loans	7,09,096.46	7,55,425.31
Unsecured loans	65,888.80	43,573.27
Less: Impairment provision for financial instruments at amortised cost	20,440.93	6,418.69
Total	**7,54,544.33**	**7,92,579.89**

Notes:-

1) Loans Include Interest accrued but not due
2) Loans to the extent of ₹ in Lakhs 7,09,096.46 (31 March 2019: 7,55,425.31) are secured by:
   (i) Hypothecation of assets and / or
   (ii) Mortgage of property and / or
   (iii) Corporate guarantee/personal guarantee of directors in certain cases over and above of security
   (iv) Pledge of shares & other financial securities.
3) Refer Note 28 for Reconciliation of Expected Credit Loss balance.

Loans at Amortised Cost (In India)

A) Term Loans other than Public sector	7,74,985.26	7,98,998.58
Gross	**7,74,985.26**	**7,98,998.58**
Less: Impairment loss allowance	20,440.93	6,418.69
Net	**7,54,544.33**	**7,92,579.89**
B) (i) Secured by tangible assets	7,09,096.46	7,55,425.31
(ii) Unsecured	65,888.80	43,573.27
Gross	**7,74,985.26**	**7,98,998.58**
Less: Impairment loss allowance	20,440.93	6,418.69
Net	**7,54,544.33**	**7,92,579.89**

AXIS FINANCE LIMITED MUMBAI

AXIS FINANCE LIMITED
Notes forming part of the financial statements
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

7 Investments

As at March 31, 2020

Particulars	Amortised Cost 1	At Fair value through profit and loss account 2	Total (3=1+2)
Debt securities (In India)			
Investment in NCD			
Quoted			
NCD Investment	9,082.60	-	9,082.60
Total – Gross (A)	9,082.60	-	9,082.60
Less: Allowance for impairment loss (B)	54.67	-	54.67
Total – Net (A-B)	**9,027.93**	**-**	**9,027.93**

Note : Refer Note 28 for Reconciliation of Expected Credit Loss balance

As at March 31, 2019

Particulars	Amortised Cost 1	At Fair value through profit and loss account 2	Total (3=1+2)
Debt securities (In India)			
Investment in NCD			
Quoted			
NCD Investment	9,979.38	-	9,979.38
Total – Gross (A)	9,979.38	-	9,979.38
Less: Allowance for impairment loss (B)	1.95	-	1.95
Total – Net (A-B)	**9,977.43**	**-**	**9,977.43**

Note : Refer Note 28 for Reconciliation of Expected Credit Loss balance

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AXIS FINANCE LIMITED MUMBAI

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

8 Property, Plant and Equipment

Particulars	Computers	Office equipment	Furniture & fixtures	Vehicles	Land and Building	Total
Cost:						
As at 31 March 2018	**94.39**	**3.80**	**1.00**	**42.51**	**4.50**	**146.20**
Additions	79.05	0.64	2.36	-	-	82.05
Disposals	(5.35)	-	-	-	-	(5.35)
As at 31 March 2019	**168.10**	**4.44**	**3.36**	**42.51**	**4.50**	**222.90**
Additions	174.71	5.99	6.72	-	-	187.42
Disposals	-	-	-	-	-	-
As at 31 March 2020	**342.81**	**10.43**	**10.08**	**42.51**	**4.50**	**410.32**
Depreciation and impairment:						
As at 31 March 2018	**47.19**	**2.94**	**0.46**	**7.78**	**0.26**	**58.64**
Disposals	(5.07)	-	-	-	-	(5.07)
Depreciation charge for the year	42.09	0.44	0.14	10.63	0.08	53.38
As at 31 March 2019	**84.21**	**3.38**	**0.60**	**18.41**	**0.34**	**106.94**
Disposals	-	-	-	-	-	-
Depreciation charge for the year	71.57	0.81	0.78	10.63	0.08	83.86
As at 31 March 2020	**155.78**	**4.19**	**1.38**	**29.04**	**0.42**	**190.81**
Net book value:						
At 31st March, 2019	**83.89**	**1.06**	**2.76**	**24.10**	**4.16**	**115.96**
At 31st March, 2020	**187.03**	**6.24**	**8.70**	**13.47**	**4.08**	**219.51**

S.R. BATLIBOI & CO. LLP
MUMBAI
CHARTERED ACCOUNTANTS

AXIS FINANCE LIMITED
MUMBAI

AXIS FINANCE LIMITED
Notes forming part of the financial statements
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

9 Other Intangible Assets

Particulars	Software	Total
Cost:		
As at 31 March 2018	**240.84**	**240.84**
Additions	196.47	196.47
Disposals	-	-
As at 31 March 2019	**437.31**	**437.31**
Additions	1,098.92	1,098.92
Disposals	-	-
As at 31 March 2020	**1,536.23**	**1,536.23**
Accumulative amortisation and impairment:		
As at 31 March 2018	**94.54**	**94.54**
Disposals	-	-
Amortisation charge for the year	69.68	69.68
As at 31 March 2019	**164.22**	**164.22**
Disposals	-	-
Amortisation charge for the year	251.13	251.13
As at 31 March 2020	**415.35**	**415.35**
Net book value Softwares:		
As at 31 March 2019	273.09	273.09
As at 31 March 2020	1,120.88	1,120.88
Capital Work in Progress - Softwares		
As at 31 March 2019	1,051.86	1,051.86
As at 31 March 2020	287.48	287.48
Other Intangible assets		
As at 31 March 2019	**1,324.95**	**1,324.95**
As at 31 March 2020	**1,408.36**	**1,408.36**

10 Other financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
Deposits	36.93	11.10
Advance Rental	16.44	-
Other Asset	33.35	
Total	**86.72**	**11.10**

11 Other non-financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	136.17	92.07
Balances with government authorities		
- Advance indirect taxes	66.97	11.90
Defined Benefit Asset		
- Gratuity	-	6.40
Total	**203.14**	**110.37**

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MUMBAI
CHARTERED ACCOUNTANTS

AXIS FINANCE LIMITED
MUMBAI

AXIS FINANCE LIMITED

Notes forming part of the financial statements

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

12 Debt Securities

Particulars	As at March 31, 2020	As at March 31, 2019
At Amortised Cost (In India)		
Secured		
Non Covertible Debentures	1,93,491.57	1,73,531.29
Interest accrued but not due	23,991.38	13,706.58
Unsecured		
Commercial paper	1,66,200.00	2,02,000.00
Less: Unexpired Discount	(3,005.15)	(1,808.44)
Total	**3,80,677.80**	**3,87,429.43**

Security details for Secured non convertible debentures

Debentures are secured by: 1. First charge by way of mortgage on immovable property. 2. Pari passu charge by way of hypothecation of book debts and accounts receivable upto 1 time cover.

Unsecured commercial paper carry interest @ 5.45% to 7.75%. In respect of commercial paper, maximum amount outstanding during the year was ₹ in Lakhs 2,72,979.74 (31 March 2019: 4,47,020.41).

Particulars of Secured non convertible debentures

Particulars	Face Value	Qty	Maturity date	As at March 31, 2020	As at March 31, 2019
8.79% AFL, 9th Apr 2019	10,00,000	500	Apr 9, 2019	-	5,000.00
Zero% AFL, 25th Apr 2019	10,00,000	50	Apr 25, 2019	-	500.00
Zero% AFL, 06th May 2019	10,00,000	50	May 06, 2019	-	499.99
Zero% AFL, 28th Jun 2019	10,00,000	100	Jun 28, 2019	-	999.98
Zero% AFL, 19th July 2019	10,00,000	100	Jul 19, 2019	-	999.97
Zero% AFL, 27th Aug 2019	10,00,000	50	Aug 27, 2019	-	500.00
Zero% AFL, 24th Sep 2019	10,00,000	50	Sep 24, 2019	-	500.00
Zero% AFL, 26th Dec 2019	10,00,000	150	Dec 26, 2019	-	1,500.00
7.80% AFL, 27th Mar 2020	10,00,000	1000	Mar 27, 2020	-	9,999.10
Zero% AFL, 26th May 2020	10,00,000	125	May 26, 2020	1,249.98	1,249.87
8.85% AFL, 28th Dec 2020	10,00,000	1000	Dec 28, 2020	9,999.57	9,999.05
7.942% AFL, 7th Apr 2021	10,00,000	100	Apr 07, 2021	999.90	999.82
Zero% AFL, 7th Apr 2021	10,00,000	1400	Apr 07, 2021	13,999.81	13,999.66
Zero% AFL, 7th Apr 2021	10,00,000	200	Apr 07, 2021	2,007.15	2,005.92
Zero% AFL, 12th Apr 2021	10,00,000	410	Apr 12, 2021	4,099.64	4,099.35
Zero% AFL, 12th Apr 2021	10,00,000	250	Apr 12, 2021	2,508.56	2,508.36
Zero% AFL, 12th Apr 2021	10,00,000	500	Apr 12, 2021	5,053.82	5,053.45
Zero% AFL, 16th Apr 2021	10,00,000	500	Apr 16, 2021	4,999.55	4,999.18
Zero% AFL, 27th Apr 2021	10,00,000	750	Apr 27, 2021	7,499.33	7,498.81
Zero% AFL, 27th Apr 2021	10,00,000	250	Apr 27, 2021	2,505.27	2,505.09
Zero% AFL, 27th Apr 2021	10,00,000	800	Apr 27, 2021	8,085.96	8,085.37
Zero% AFL, 10th May 2021	10,00,000	500	May 10, 2021	4,999.34	4,998.83
Zero% AFL, 10th May 2021	10,00,000	700	May 10, 2021	7,079.96	7,079.54
Zero% AFL, 27th May 2021	10,00,000	500	May 27, 2021	4,999.52	4,999.17
Zero% AFL, 27th May 2021	10,00,000	750	May 27, 2021	7,552.77	7,552.19
Zero% AFL, 14th Jun 2021	10,00,000	500	Jun 14, 2021	5,008.40	5,008.02
Zero% AFL, 14th Jun 2021	10,00,000	1273	Jun 14, 2021	12,811.17	12,810.28
Zero% AFL, 06th July 2021	10,00,000	715	Jul 06, 2021	7,149.18	7,148.64
Zero% AFL, 13th Jul 2021	10,00,000	260	Jul 13, 2021	2,599.69	2,599.49
Zero% AFL, 13th July 2021	10,00,000	50	Jul 13, 2021	508.16	508.12
Zero% AFL, 31st Aug 2021	10,00,000	1400	Aug 31, 2021	13,998.28	13,997.30
Zero% AFL, 19th Apr 2022	10,00,000	250	Apr 19, 2022	2,499.61	2,499.47
Zero% AFL, 19th Apr 2022	10,00,000	500	Apr 19, 2022	5,131.20	5,130.91

AXIS FINANCE LIMITED MUMBAI

AXIS FINANCE LIMITED
Notes forming part of the financial statements
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars of Secured non convertible debentures

Particulars	Face Value	Qty	Maturity date	As at March 31, 2020	As at March 31, 2019
Zero% AFL, 19th Apr 2022	10,00,000	590	Apr 19, 2022	6,298.79	6,298.48
Zero% AFL, 25th May 2022	10,00,000	260	May 25, 2022	2,599.59	2,599.45
8.70% AFL, 02nd Jun 2022	10,00,000	680	Jun 02, 2022	6,798.84	6,798.44
8.40%AFL, 27th Jun 2023	10,00,000	400	Jun 27, 2023	3,998.23	-
Zero% AFL, 03rd Aug 2022	10,00,000	450	Aug 03, 2022	4,499.14	-
Zero% AFL, 03rd Aug 2022	10,00,000	410	Aug 03, 2022	4,159.12	-
8.30% AFL, 06th Aug 2024	10,00,000	50	Aug 06, 2024	500.00	-
Zero% AFL, 03rd Nov 2022	10,00,000	670	Nov 03, 2022	6,698.56	-
7.35% AFL, 30 Jun 2022	10,00,000	260	June 30, 2022	2,597.38	-
Zero% AFL, 10th Mar 2023	10,00,000	1800	Mar 10, 2023	17,996.10	-
Total		**19,253.00**		**1,93,491.57**	**1,73,531.29**

Particulars of Commercial Paper

Maturity date	Face Value	Qty	As at March 31, 2020
3-Apr-20	5,00,000	3,000	15,000.00
9-Apr-20	5,00,000	1,000	5,000.00
12-May-20	5,00,000	1,000	5,000.00
12-May-20	5,00,000	1,000	5,000.00
12-May-20	5,00,000	450	2,250.00
12-May-20	5,00,000	50	250.00
12-May-20	5,00,000	500	2,500.00
12-May-20	5,00,000	500	2,500.00
12-May-20	5,00,000	500	2,500.00
15-May-20	5,00,000	4,000	20,000.00
26-May-20	5,00,000	3,000	15,000.00
12-Jun-20	5,00,000	4,000	20,000.00
15-Jul-20	5,00,000	740	3,700.00
17-Jul-20	5,00,000	2,000	10,000.00
23-Jul-20	5,00,000	1,500	7,500.00
23-Jul-20	5,00,000	1,500	7,500.00
6-Aug-20	5,00,000	1,000	5,000.00
16-Oct-20	5,00,000	2,000	10,000.00
10-Dec-20	5,00,000	1,500	7,500.00
25-Jan-21	5,00,000	2,000	10,000.00
5-Mar-21	5,00,000	2,000	10,000.00
Total			**1,66,200.00**

Particulars of Commercial Paper

Maturity date	Face Value	Qty	As at March 31, 2019
2-Apr-19	5,00,000	4,000	20,000.00
2-Apr-19	5,00,000	1,000	5,000.00
9-Apr-19	5,00,000	5,000	25,000.00
24-Apr-19	5,00,000	5,000	25,000.00
10-May-19	5,00,000	6,000	30,000.00
10-May-19	5,00,000	500	2,500.00
30-May-19	5,00,000	2,000	10,000.00
30-May-19	5,00,000	3,000	15,000.00
4-Jun-19	5,00,000	3,400	17,000.00
10-Jun-19	5,00,000	6,000	30,000.00
13-Jun-19	5,00,000	4,000	20,000.00
25-Oct-19	5,00,000	500	2,500.00
Total			**2,02,000.00**

AXIS FINANCE LIMITED
Notes forming part of the financial statements
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

13 Borrowings (Other than debt securities)

Particulars	As at March 31, 2020	As at March 31, 2019
At Amortised Cost (In India)		
Secured		
Overdraft from banks repayable on demand	53,709.39	1,43,536.18
Indian rupee term loan from bank : Secured	1,75,732.67	62,173.87
Unsecured	-	
Overdraft from holding company 'Axis Bank Ltd' repayable on demand	-	41,541.85
Total	**2,29,442.06**	**2,47,251.90**

Secured

1. Overdraft amounting to ₹ in Lakhs 53,709.39 (31 March 2019: 1,43,536.18) as referred above are secured by pari passu first charge on all present and future book debts, receivables, loan assets of the Company. These carry interest @ 8.00% to 8.15%

2. Term Loan amounting to ₹ in Lakhs 1,75,732.67, (31 March 2019: 62,173.87) as referred above are secured by pari passu first charge on all present and future book debts, receivables, loan assets of the Company. These carry interest @ 7.95% to 8.60%.

3. Term Loan from Banks will be repaid as per below

Quarterly expected repayments	₹
30-09-2020	1,41,899.83
31-03-2021	9,440.44
30-09-2021	11,074.96
31-03-2022	4,674.60
30-09-2022	3,285.71
31-03-2023	1,785.71
30-09-2023	1,785.71
31-03-2024	1,785.71
	1,75,732.67

Unsecured

1. Unsecured short term overdraft carry interest @8.00% from holding company 'Axis Bank Ltd' amount to ₹ in Lakhs NIL (31 March 2019: 41,541.85)

S.R. BATLIBOI & CO. LLP ★ CHARTERED ACCOUNTANTS MUMBAI

AXIS FINANCE LIMITED MUMBAI

AXIS FINANCE LIMITED

Notes forming part of the financial statements

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

14 Subordinated Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
At Amortised Cost (In India)		
Unsecured		
Subordinated debt (Non-convertible debentures)	49,863.26	49,848.72
Interest accrued but not	3,053.46	3,053.34
Total	**52,916.72**	**52,902.06**

Particulars of Unsecured non convertible debentures

Particulars	Face Value	Qty	Maturity date	As at March 31, 2020	As at March 31, 2019
8.80% AFL, 05th Aug 2026	10,00,000	2000	Aug 05, 2026	19,929.22	19,921.16
8.50% AFL, 11th May 2027	10,00,000	2000	May 11, 2027	19,955.50	19,951.06
8.08% AFL, 14th Sep 2027	10,00,000	1000	Sep 14, 2027	9,978.54	9,976.50
Total				**49,863.26**	**49,848.72**

15 Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Advances from customers	3,448.93	773.63
Creditors for expense		
-Due to holding Company 'Axis Bank Limited'	84.75	5.08
-Due to others	-	-
Total	**3,533.68**	**778.71**

16 Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for expenses	312.64	130.93
Provision for employee benefits	-	
-Provision for compensated absences	75.07	70.00
-Provision for gratuity	64.53	-
-Employee benefit payable	750.00	625.00
Total	**1,202.24**	**825.93**

17 Other non-financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Processing fees received for undrawn loans	1,058.12	1,048.61
Undisputed statutory dues	300.19	341.62
Total	**1,358.31**	**1,390.23**

S.R. BATLIBOI & CO. LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

AXIS FINANCE LIMITED MUMBAI ★

AXIS FINANCE LIMITED

Notes forming part of the financial statements

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

18 Equity share capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised Capital		
1,00,00,00,000 (31 March 2019: 1,00,00,00,000) equity shares of ₹10/- each	1,00,000.00	1,00,000.00
	1,00,000.00	**1,00,000.00**
Issued, subscribed and fully paid-up:		
48,07,50,000 (31 March 2019: 48,07,50,000) equity shares of ₹10/- each	48,075.00	48,075.00
	48,075.00	**48,075.00**

(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year (Nos in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
	Nos	**Nos**
Balance at the beginning of the year	4,807.50	4,807.50
Issued during the year	-	-
Reductions during the year	-	-
Balance at the end of the year	**4,807.50**	**4,807.50**

(b) Terms, rights, preferences and restrictions 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.

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

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

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

Name of shareholder	As at March 31, 2020	As at March 31, 2019
Axis Bank Limited, the holding Company and its Nominees 48,07,50,000 (31 March 2019: 48,07,50,000) equity shares of ₹ 10/- each	48,075.00	48,075.00

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

Particulars	As at March 31, 2020 % of Holding	As at March 31, 2019 % of Holding
Equity shares of ₹ 10 each fully paid		
Axis Bank Limited, the holding Company and its nominees	100%	100%

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

AXIS FINANCE LIMITED
Notes forming part of the financial statements
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

19 Other equity

Particulars	As at March 31, 2020	As at March 31, 2019
Securities Premium		
Balance at the beginning of the year	28,217.50	28,217.50
Add:- Addition during the year	-	-
Less:- Utilization during the year against share issue expense	-	-
Balance at the end of the year	**28,217.50**	**28,217.50**
Statutory Reserve u/s 45-IC of RBI Act		
Balance at the beginning of the year	16,966.00	12,755.00
Add:- Addition during the year	3,865.00	4,211.00
Balance at the end of the year	**20,831.00**	**16,966.00**
Deemed Capital Contribution		
Balance at the beginning of the year	316.75	-
Add:- Addition during the year	222.32	316.75
Balance at the end of the year	**539.07**	**316.75**
Retained Earnings		
Balance at the beginning of the year	28,464.02	11,621.51
Total Comprehensive income for the year	16,337.73	21,053.51
Less: - Final Dividend	(12,018.75)	-
Less:-Dividend distribution tax on final dividend	(2,470.49)	-
Less:-Transfer to statutory reserve	(3,865.00)	(4,211.00)
Balance at the end of the year	**26,447.51**	**28,464.02**
Total	**76,035.08**	**73,964.27**

Security Premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Statutory Reserve u/s 45-IC of RBI Act

Statutory reserve is created as per section 45-IC of RBI Act

Deemed Capital Contribution

Company's select employees receive shares of Axis Bank Limited and company does not have obligation to settle the award, the award is treated as Equity settled plan. Company recognizes as an expense for the grant date fair value of award over the vesting period and corresponding credit as “Deemed Capital Contribution” by parent.

Retained Earnings

Retained earnings includes undistributed profit after Tax

AXIS FINANCE LIMITED MUMBAI

AXIS FINANCE LIMITED
Notes forming part of the financial statements
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

20 Interest Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
	On Financial Assets measured at Amortised Cost	
Interest on Loans (at amortised cost)	98,275.21	88,806.35
Interest income from investments (at amortised cost)	1,125.89	12.38
Total	**99,401.10**	**88,818.73**

21 Others

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cheque / NACH Bouncing Charges	2.85	0.74
Pre/Part payment Charges	5.47	0.31
Foreclosure Charges	0.52	-
Interest on Deposit	0.32	-
Interest on Lease Deposit	1.02	
Commission Income	449.58	-
Total	**459.76**	**1.05**

22 Other Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Reversal of Provisions	31.90	88.55
Notice Pay Recovery	-	0.10
Total	**31.90**	**88.65**

23 Finance Costs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
	On Financial liabilities measured at Amortised Cost	
Interest on borrowings	18,500.91	9,108.22
Interest on debt securities	28,966.52	36,298.37
Interest on subordinated liabilities	4,277.15	4,265.21
Other Finance expense	289.07	291.93
Total	**52,033.65**	**49,963.73**

24 Impairment on financial instruments

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
	On Financial instruments measured at Amortised Cost	
Loans	14,022.25	2,156.63
Investments	52.72	1.95
Trade Receivables	8.06	(0.11)
Total	**14,083.03**	**2,158.47**

25 Employee Benefits Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages	4,956.98	2,462.51
Employee Stock Option (Refer Note 3.17)	222.32	134.65
Contribution to provident and other funds	209.46	79.90
Gratuity expenses	26.27	(20.79)
Staff welfare expenses	84.35	29.00
Total	**5,499.38**	**2,685.27**

AXIS FINANCE LIMITED MUMBAI

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

26 Depreciation, amortization and impairment

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Property, plant and equipment	83.86	53.37
Other Intangible assets - (Software)	251.12	69.68
Impairment of Intangible asset (Software)	33.72	-
Depreciation expense of right-of-use assets	32.45	-
Total	**401.15**	**123.05**

27 Other expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent, Rates and Taxes	282.05	170.19
Electricity expenses	22.62	13.32
Repairs and maintenance - others	62.18	38.39
Printing and stationery	23.06	12.65
Travelling and conveyance	149.08	176.96
Professional fees	1,244.60	591.26
CSR expenditure (Refer Note 68)	599.49	495.82
Director sitting fees	28.00	43.00
Auditor Remuneration (Refer Note 69)	42.00	36.60
Telephone and internet expenses	27.00	28.29
Business promotion	484.40	12.81
Royalty charges	150.53	-
Rates & taxes	11.41	9.12
Service charges	82.59	41.23
Office expenses	83.12	39.88
Service Tax & GST Expense out (50% of input credit)	252.24	225.69
Subscription Exps	94.15	35.59
Miscellaneous expenses	335.60	80.44
Total	**3,974.12**	**2,051.24**

AXIS FINANCE LIMITED MUMBAI

AXIS FINANCE LIMITED
Notes forming part of financial statements for the period ended 31 March, 2020
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

28 Credit Quality of Financial Assets & Expected Credit Loss (ECL)

A) Loans and Advances

(i) Loans and advances (at amortised cost)

Particulars	31 March 2020	31 March 2019
Total - Gross	**7,74,985.26**	**7,98,998.58**
Less: Impairment loss allowance	20,440.93	6,418.69
Total - Net	**7,54,544.33**	**7,92,579.89**
a) Secured by tangible assets	7,09,096.46	7,55,425.31
b) Unsecured	65,888.80	43,573.27
Total - Gross	**7,74,985.26**	**7,98,998.58**
Less: Impairment loss allowance	20,440.93	6,418.69
Total - Net	**7,54,544.33**	**7,92,579.89**

(ii) Credit quality of assets (Refer Note 39 for credit quality)

Particulars	31 March 2020			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	7,22,152.20	-	-	**7,22,152.20**
Past due but not impaired	-	7,808.15	-	**7,808.15**
Non Performing	-	-	-	
Indivdually Impaired	-	-	24,583.98	**24,583.98**
Total	**7,22,152.20**	**7,808.15**	**24,583.98**	**7,54,544.33**

Particulars	31 March 2019			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	7,84,136.66	-	-	**7,84,136.66**
Past due but not impaired	-	6,918.59	-	**6,918.59**
Non Performing	-	-	-	-
Individually Impaired	-	-	1,524.64	**1,524.64**
Total	**7,84,136.66**	**6,918.59**	**1,524.64**	**7,92,579.89**

(iii) Changes in Gross carrying amount

Particulars	FY 2019 - 20			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	7,88,875.48	7,073.81	3,049.29	**7,98,998.58**
New assets originated (refer note 1 below)	3,29,818.20	852.47	1,302.61	**3,31,973.28**
Assets repaid (excluding write offs)	(3,47,376.09)	(4,500.81)	(4,109.70)	**(3,55,986.60)**
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(5,535.83)	5,535.83	-	-
Transfers to Stage 3	(34,950.66)	-	34,950.66	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
Gross carrying amount closing balance	**7,30,831.10**	**8,961.30**	**35,192.85**	**7,74,985.26**

Particulars	FY 2018 - 19			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	6,52,873.67	4,222.67	-	**6,57,096.34**
New assets originated (refer note 1 below)	4,81,597.89	-	-	**4,81,597.89**
Assets repaid (excluding write offs)	(3,35,377.16)	(3,916.69)	(401.80)	**(3,39,695.65)**
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(6,767.83)	6,767.83	-	-
Transfers to Stage 3	(3,451.09)	-	3,451.09	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
Gross carrying amount closing balance	**7,88,875.48**	**7,073.81**	**3,049.29**	**7,98,998.58**

Note 1: New assets originated represents fresh disbursals made during the year. Classification of new assets originated in stage1,2,3 is based on year end staging.

AXIS FINANCE LIMITED MUMBAI

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

28 Credit Quality of Financial Assets & Expected Credit Loss (ECL)

A) Loans and Advances

(iv) Reconciliation of Expected Credit Loss (ECL) balance

Particulars	**FY 2019 - 20**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
ECL allowance - opening balance	4,738.83	155.22	1,524.64	**6,418.69**
New assets originated (refer note 1 below)	2,433.64	14.90	115.58	**2,564.12**
Effect of change in estimate/ repayment	1,878.33	924.83	(6,632.61)	**(3,829.46)**
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(54.15)	54.15	-	-
Transfers to Stage 3	(317.74)	-	317.74	-
Impact on year end ECL of exposures transferred between stages during the year	-	4.05	15,283.52	**15,287.57**
Amounts written off	-	-	-	-
ECL allowance - closing balance	**8,678.91**	**1,153.15**	**10,608.87**	**20,440.93**

Particulars	**FY 2018 - 19**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
ECL allowance - opening balance	4,237.93	24.14	-	**4,262.07**
New assets originated (refer note 1 below)	2,901.32	-	-	**2,901.32**
Effect of change in estimate/ repayment	(2,204.43)	(17.63)	-	**(2,222.07)**
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(129.54)	129.54	-	-
Transfers to Stage 3	(66.45)	-	66.45	-
Impact on year end ECL of exposures transferred between stages during the year	-	19.17	1,458.20	**1,477.37**
Amounts written off	-	-	-	-
ECL allowance - closing balance	**4,738.83**	**155.22**	**1,524.64**	**6,418.69**

Note 1: New assets originated represents fresh disbursals made during the year. Classification of new assets originated in stage1,2,3 is based on year end staging.

(v) Undrawn commitment - Credit Quality of Assets (Refer Note 39 for credit quality)

Particulars	**31 March 2020**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Performing				
Standard	1,04,558.83	-	-	**1,04,558.83**
Past due but not impaired	-	244.47	-	**244.47**
Non Performing				
Indivdually Impaired	-	-	-	-
Total	**1,04,558.83**	**244.47**	-	**1,04,803.30**

Particulars	**31 March 2019**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Performing				
Standard	1,03,210.77	-	-	**1,03,210.77**
Past due but not impaired	-	55.73	-	**55.73**
Non Performing	-	-	-	-
Indivdually Impaired	-	-	-	-
Total	**1,03,210.77**	**55.73**	-	**1,03,266.50**

AXIS FINANCE LIMITED MUMBAI

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

28 Credit Quality of Financial Assets & Expected Credit Loss (ECL)

A) Loans and Advances

(vi) Undrawn commitment - Gross carrying amount

Particulars	FY 2019 - 20			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,03,210.77	55.73	-	**1,03,266.50**
New assets originated	54,627.55	-	-	**54,627.55**
Assets derecognised or repaid (excluding write offs)	(51,931.34)	(156.94)	(1,002.48)	**(53,090.75)**
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(345.68)	345.68	-	-
Transfers to Stage 3	(1,002.48)	-	1,002.48	-
Amounts written off	-	-	-	-
Gross carrying amount closing balance	**1,04,558.83**	**244.47**	-	**1,04,803.30**

Particulars	FY 2018 - 19			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	47,257.48	230.00	-	**47,487.48**
New assets originated	90,171.43	-	-	**90,171.43**
Assets derecognised or repaid (excluding write offs)	(34,162.41)	(230.00)	-	**(34,392.41)**
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(55.73)	55.73	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Gross carrying amount closing balance	**1,03,210.77**	**55.73**	-	**1,03,266.50**

B Investments

(i) Investments (at amortised cost)

Particulars	Amortised Cost	Fair Value Through Profit & Loss	Total
As at March 31, 2020			
Debt Securities	9,082.60	-	9,082.60
Total Gross	**9,082.60**	-	**9,082.60**
Less: Impairment loss allowance	54.67	-	54.67
Total	**9,027.93**	-	**9,027.93**

Investments			
As at March 31, 2019			
Debt Securities	9,979.38	-	9,979.38
Total Gross	**9,979.38**	-	**9,979.38**
Less: Impairment loss allowance	1.95	-	1.95
Total	**9,977.43**	-	**9,977.43**

(ii) Credit quality of assets (Refer Note 39 for credit quality)

Particulars	FY 2019 - 20			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	9,027.93	-	-	**9,027.93**
Past due but not impaired	-	-	-	-
Non Performing				-
Indivdually Impaired	-	-	-	-
Total	**9,027.93**	-	-	**9,027.93**

Particulars	FY 2018 - 19			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	9,977.43	-	-	**9,977.43**
Past due but not impaired	-	-	-	-
Non Performing				-
Indivdually Impaired	-	-	-	-
Total	**9,977.43**	-	-	**9,977.43**

AXIS FINANCE LIMITED
MUMBAI

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

28 Credit Quality of Financial Assets & Expected Credit Loss (ECL)

B Investments

(iii) Changes in Gross carrying amount

Particulars	FY 2019 - 20			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	9,979.38	-	-	9,979.38
New assets originated	-	-	-	-
Assets repaid (excluding write offs)	(896.78)	-	-	(896.78)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
Gross carrying amount closing balance	**9,082.60**	-	-	**9,082.60**

Particulars	FY 2018 - 19			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	-	-	-	-
New assets originated	9,979.38	-	-	9,979.38
Assets repaid (excluding write offs)	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
Gross carrying amount closing balance	**9,979.38**	-	-	**9,979.38**

(iv) Reconciliation of Expected Credit Loss balance (ECL)

Particulars	FY 2019 - 20			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	1.95	-	-	1.95
New assets originated	-	-	-	-
Effect of change in estimate/ repayment	52.72	-	-	52.72
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Amounts written off	-	-	-	-
ECL allowance - closing balance	**54.67**	-	-	**54.67**

Particulars	FY 2018 - 19			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	-	-	-	-
New assets originated	1.95	-	-	1.95
Effect of change in estimate/ repayment	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-
Amounts written off	-	-	-	-
ECL allowance - closing balance	**1.95**	-	-	**1.95**

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AXIS FINANCE LIMITED MUMBAI ★

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

28 Credit Quality of Financial Assets & Expected Credit Loss (ECL)

C) Trade Receivables

(i) Trade Receivables

Particulars	31 March 2020	31 March 2019
Unsecured considered good	694.91	509.61
Less : Provision for impairment	12.12	4.05
Total - Net	**682.79**	**505.56**

(ii) Credit quality of assets (Refer Note 39 for credit quality)

	31 March 2020				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
Performing					
Standard	134.28	-	-	486.81	**621.09**
Past due but not impaired	-	55.85	-	-	**55.85**
Non Performing	-	-	-		-
Indivdually Impaired	-	-	5.85	-	**5.85**
Total	**134.28**	**55.85**	**5.85**	**486.81**	**682.79**

	31 March 2019				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
Performing					
Standard	279.22	-	-	226.34	**505.56**
Past due but not impaired	-	-	-	-	-
Non Performing					-
Indivdually Impaired	-	-	-	-	-
Total	**279.22**	-	-	**226.34**	**505.56**

(iii) Changes in Gross carrying amount

	FY 2019 - 20				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
Gross carrying amount opening balance	283.26	-	-	226.34	**509.61**
New assets originated (refer note 1 below)	135.45	55.94	16.71	-	**208.09**
Assets repaid (excluding write offs)	(283.26)	-	-	(226.34)	**(509.61)**
Transfers to Stage 1	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-
Amounts written off	-	-	-	-	-
New asset as per Simplified approach	-	-	-	486.81	**486.81**
Gross carrying amount closing balance	**135.45**	**55.94**	**16.71**	**486.81**	**694.91**

S.R. BATLIBOI & CO. LLP * CHARTERED ACCOUNTANTS * MUMBAI

AXIS FINANCE LIMITED MUMBAI

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

28 Credit Quality of Financial Assets & Expected Credit Loss (ECL)

C) Trade Receivables

(iii) **Changes in Gross carrying amount**

	FY 2018 - 19				
	Stage 1	**Stage 2**	**Stage 3**	**Simplified Approach**	**Total**
Gross carrying amount opening balance	237.60	-	-	659.85	**897.45**
New assets originated (refer note 1 below)	283.27	-	-	-	**283.27**
Assets repaid (excluding write offs)	(237.60)	-	-	(659.85)	**(897.45)**
Transfers to Stage 1	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-
Amounts written off	-	-	-	-	-
New asset as per Simplified approach	-	-	-	226.34	**226.34**
Gross carrying amount closing balance	**283.27**	-	-	**226.34**	**509.61**

Note 1: New assets originated represents fresh disbursals made during the year. Classification of new assets originated in stage1,2,3 is based on year end staging.

(iv) **Reconciliation of Expected Credit Loss balance**

	FY 2019 - 20				
	Stage 1	**Stage 2**	**Stage 3**	**Simplified Approach**	**Total**
ECL allowance - opening balance	4.05	-	-	-	**4.05**
New assets originated (refer note 1 below)	1.17	0.09	10.86	-	**12.12**
Effect of change in estimate/ repayment	(4.05)	-	-	-	**(4.05)**
Transfers to Stage 1	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-	-
Amounts written off	-	-	-	-	-
ECL allowance - closing balance	**1.17**	**0.09**	**10.86**	-	**12.12**

	FY 2018 - 19				
	Stage 1	**Stage 2**	**Stage 3**	**Simplified Approach**	**Total**
ECL allowance - opening balance	4.16	-	-	-	**4.16**
New assets originated (refer note 1 below)	4.05	-	-	-	**4.05**
Effect of change in estimate/ repayment	(4.16)	-	-	-	**(4.16)**
Transfers to Stage 1	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-	-
Amounts written off	-	-	-	-	-
ECL allowance - closing balance	**4.05**	-	-	-	**4.05**

Note 1: New assets originated represents fresh disbursals made during the year. Classification of new assets originated in stage1,2,3 is based on year end staging.

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

AXIS FINANCE LIMITED MUMBAI

AXIS FINANCE LIMITED

Notes forming part of financial statements for the period ended 31 March, 2020

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

28 D) Collateral and other credit enhancements

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets

Type of Collateral and Credit Enhancement	As at March 31, 2020							
	Maximum exposure to credit Risk	Shares (Listed/ Unlisted)	Land and Building includes residential and commercial properties)	Other Working Capital items (includes fixed and current assets, FMPs)	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
a) Corporate Loans	35,019.59	1,992.88	37,210.00	-	(4,183.29)	35,019.59	-	10,490.29
b) Retail Loans	173.26	-	-	-			173.26	118.58
Total	**35,192.85**	**1,992.88**	**37,210.00**	**-**	**(4,183.29)**	**35,019.59**	**173.26**	**10,608.87**

Type of Collateral and Credit Enhancement	As at March 31, 2019							
	Maximum exposure to credit Risk	Shares (Listed/ Unlisted)	Land and Building includes residential and commercial properties)	Other Working Capital items (includes fixed and current assets, FMPs)	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Loans	3,049.29	-	12,410.00	-	(9,360.71)	3,049.29	-	1,524.64
Total	**3,049.29**	**-**	**12,410.00**	**-**	**(9,360.71)**	**3,049.29**	**-**	**1,524.64**

S.R. BATLIBOI & CO. LLP ★ CHARTERED ACCOUNTANTS MUMBAI

AXIS FINANCE LIMITED MUMBAI

AXIS FINANCE LIMITED
Notes forming part of financial statements for the period ended 31 March, 2020
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

29. Financial instruments – Fair values

Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Particulars	As at March 31, 2020						
	Carrying amount			Fair Value			
	Fair value through profit and loss	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 -Significant unobservable inputs	Total
Financial assets							
Trade Receivables	-	682.79	682.79	-	-	-	-
Loans	-	7,54,544.33	7,54,544.33				
Investments	-	9,027.93	9,027.93	-	-	-	-
Other financial assets	-	86.72	86.72	-	-	-	-
Total	**-**	**7,64,341.77**	**7,64,341.77**	-	-	-	-
Financial liabilities							
Debt securities	-	3,80,677.80	3,80,677.80	-	-	-	-
Borrowings (Other than debt securities)	-	2,29,442.06	2,29,442.06	-	-	-	-
Subordinated Liabilities	-	52,916.72	52,916.72				-
Lease Liabilities	-	372.87	372.87	-	-	-	-
Other financial liabilities	-	3,533.68	3,533.68	-	-	-	-
Total	**-**	**6,66,943.13**	**6,66,943.13**	-	-	-	**-**

Particulars	As at March 31, 2019						
	Carrying amount			Fair Value			
	Fair value through profit and loss	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 -Significant unobservable inputs	Total
Financial assets							
Trade Receivables	-	505.56	505.56	-	-	-	-
Loans	-	7,92,579.89	7,92,579.89				
Investments	-	9,977.43	9,977.43	-	-	-	-
Other financial assets	-	11.10	11.10		-	-	-
Total	**-**	**8,03,073.98**	**8,03,073.98**	-	-	-	-

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

29. Financial instruments – Fair values

Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Particulars	As at March 31, 2019						
	Carrying amount			Fair Value			
	Fair value through profit and loss	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 -Significant unobservable inputs	Total
Financial liabilities							
Debt securities	-	3,87,429.43	3,87,429.43	-	-	-	-
Borrowings (Other than debt securities)	-	2,47,251.90	2,47,251.90	-	-	-	-
Subordinated Liabilities	-	52,902.06	52,902.06				
Lease Liabilities	-	-	-	-	-	-	-
Other financial liabilities	-	778.71	778.71	-	-	-	-
Total	-	**6,88,362.10**	**6,88,362.10**	-	-	-	-

Note: There are no other categories of financial instruments other than those mentioned above

The Fair value of cash and cash equivalents, other bank balances and trade payables approximated their carrying value largely due to short term maturities of these instruments.

Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual creditworthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

30. Maturity analysis of assets and liabilities

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial Assets						
Cash and cash equivalents	16,201.22	-	16,201.22	90.62	-	90.62
Trade Receivables	682.79	-	682.79	505.56	-	505.56
Loans	4,12,018.32	3,42,526.01	7,54,544.33	4,72,110.45	3,20,469.44	7,92,579.89
Investments	2.83	9,025.10	9,027.93	12.28	9,965.15	9,977.43
Other financial assets	36.24	50.48	86.72	-	11.10	11.10
Sub-total-Financial assets	**4,28,941.40**	**3,51,601.58**	**7,80,542.99**	**4,72,718.91**	**3,30,445.69**	**8,03,164.60**
Non-Financial Assets						
Current Tax Assets (net)	-	4,259.55	4,259.55	-	2,883.32	2,883.32
Deferred Tax Assets (net)	-	6,619.93	6,619.93	-	5,018.33	5,018.33
Property, plant and equipment	-	219.51	219.51	-	115.96	115.96
Other Intangible Assets	-	1,408.36	1,408.36	-	1,324.95	1,324.95
Right-of-use assets	-	360.28	360.28	-	-	-
Other non-financial assets	185.44	17.70	203.14	91.09	19.28	110.37
Sub-total-Non-financial assets	**185.44**	**12,885.34**	**13,070.77**	**91.09**	**9,361.84**	**9,452.93**
Total - Assets	**4,29,126.84**	**3,64,486.92**	**7,93,613.76**	**4,72,810.00**	**3,39,807.53**	**8,12,617.53**
LIABILITIES AND EQUITY						
LIABILITIES						
Financial Liabilities						
Debt securities	1,75,292.96	2,05,384.84	3,80,677.80	2,24,407.33	1,63,022.10	3,87,429.43
Borrowings (Other than debt securities)	2,05,046.58	24,395.48	2,29,442.06	2,26,830.87	20,421.03	2,47,251.90
Subordinated Liabilities	3,053.46	49,863.26	52,916.72	-	52,902.06	52,902.06
Lease Liabilities	44.03	328.84	372.87	-	-	-
Other financial liabilities	3,533.68	-	3,533.68	778.71	-	778.71
Sub-total-Financial liabilities	**3,86,970.71**	**2,79,972.42**	**6,66,943.13**	**4,52,016.91**	**2,36,345.19**	**6,88,362.10**
Non-Financial liabilities						
Provisions	1,202.24	-	1,202.24	825.93	-	825.93
Other non-financial liabilities	1,021.93	336.38	1,358.31	341.62	1,048.61	1,390.23
Sub-total-Non-financial liabilities	**2,224.17**	**336.38**	**2,560.55**	**1,167.55**	**1,048.61**	**2,216.16**
Total Liablities	**3,89,194.88**	**2,80,308.80**	**6,69,503.68**	**4,53,184.46**	**2,37,393.80**	**6,90,578.26**

S.R. BATLIBOI & CO. LLP * CHARTERED ACCOUNTANTS * MUMBAI

AXIS FINANCE LIMITED MUMBAI

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

31 Estimated amount of contracts remaining to be executed on capital account – ₹ 582.07 (Previous Year ₹ 702.07).

32 There is no contingent liability as at 31 March, 2019 (previous year ₹ Nil).

33 Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 - 'Earnings per share'.

Particulars		**2019 – 2020**	**2018 – 2019**
Basic			
Profit after tax as per Statement of Profit and Loss	A	16,371.15	21,054.74
Weighted Average Number of Shares	B	48,07,50,000	48,07,50,000
Basic Earnings per share	A/B	3.41	4.38
Diluted			
Adjusted Profit after tax	C	16,371.15	21,054.74
Weighted Average Number of Shares	D	48,07,50,000	48,07,50,000
Diluted Earnings per share	C/D	3.41	4.38
Nominal Value per share		10	10

34 **Related Parties disclosure:**

Disclosure in respect of Related Parties pursuant to Ind AS 24 – Related Party Disclosures:

List of Related Parties:-

Parties where control exists: Holding Company

Axis Bank Limited ('ABL')

Fellow subsidiaries companies

Axis Private Equity Limited ('APEL')
Axis Securities Limited ('ASL')
Axis Mutual Fund Trustee Limited ('AMFTL')
Axis Trustee Services Limited ('ATSL')
Axis Asset Management Company Limited ('AAMCL')
Axis Bank U.K. Limited ('ABUKL')
Axis Capital Limited ('ACL')
A. Treds Limited ('ATL')
Freecharge Payment Technologies Private Limited ('FPTPL')
Accelyst Solutions Private Limited ('ASPL')

Subsidiaries of Fellow subsidiaries companies

Axis Capital USA LLC (subsidiary of Axis Capital Ltd.)

Key management person

Bipin Kumar Saraf, Managing Director and Chief Executive Officer
Biju Radhakrishnan Pillai, Wholetime Director
Amith Iyer, Chief Financial Officer
Rajneesh Kumar, Company Secretary

S.R. BATLIBOI & CO. LLP ★ CHARTERED ACCOUNTANTS ★ MUMBAI

AXIS FINANCE LIMITED MUMBAI ★

AXIS FINANCE LIMITED
Notes forming part of financial statements for the period ended 31 March, 2020
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

34 **Related Parties disclosure:**
Transactions with related parties

Nature of transactions	Holding Company	Fellow Subsidiaries including subsidiaries of fellow subsidiaries	Key Management Personnel	Total
Income				
Processing fees (ABL)	-	-	-	-
	(132.72)	(-)	(-)	(132.72)
Capital Receipts and Payments				
Repayment of WCDL & OD (ABL)	6,432.36	-	-	6,432.36
	(-)	(-)	(-)	(-)
Non-Convertible Debentures (ABL)	4,500.00	-	-	4,500.00
	(5,000.00)	(-)	(-)	(5,000.00)
Sale of Desktops (ACL)	-	-	-	-
	(-)	(0.28)	-	(0.28)
Transactions				
Dividend Paid (ABL)	12,018.75	-	-	12,018.75
	(-)	(-)	(-)	(-)
Rent paid (ABL)	274.52	-	-	274.52
	(170.19)	(-)	(-)	(170.19)
Bank charges (ABL)	2.89	-	-	2.89
	(0.33)	(-)	(-)	(0.33)
NACH charges (ABL)	7.98	-	-	7.98
	(0.12)	(-)	(-)	(0.12)
Reimbursement of staff cost (APEL)	-	(31.32)	-	(31.32)
	(-)	(-26.14)	(-)	(-26.14)
Interest paid on borrowings (ABL)	5,227.96	-	-	5,227.96
	(1,093.70)	(-)	(-)	(1,093.70)
Mediclaim exps reimbursement (ABL)	35.14	-	-	35.14
	(-)	(-)	(-)	(-)
Demat Charges (ASL)	-	3.43	-	3.43
	(-)	(4.58)	(-)	(4.58)
Demat Charges (ABL)	4.79	-	-	4.79
	(5.93)	(-)	(-)	(5.93)
Professional fees (ATSL)	-	1.50	-	1.50
	(-)	(3.88)	(-)	(3.88)
Salary, Rent and contribution to PF (KMP)	-	-	457.62	457.62
	(-)	(-)	(417.88)	(417.88)
Staff Loan given (KMP)	-	-	-	-
	(-)	(-)	(76.02)	(76.02)
Staff Loan Repayment (KMP)	-	-	5.93	5.93
	(-)	(-)	(-)	-
Group Term Life Premium Reimbursement (ABL)	17.17	-	-	17.17
	(-)	(-)	(-)	(-)
Brokerage paid (ASL)	-	29.81	-	29.81
	(-)	(42.74)	(-)	(42.74)
IPA commission charges paid (ABL)	5.00	-	-	5.00
	(7.70)	(-)	(-)	(7.70)
Retainership fees reimbursement (ABL)	-	-	-	-
	(0.24)	(-)	(-)	(0.24)

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

34 Related Parties disclosure:

Transactions with related parties

Nature of transactions	Holding Company	Fellow Subsidiaries including subsidiaries of fellow subsidiaries	Key Management Personnel	Total
Service charges other – IT Service fees (ABL)	38.62	-	-	38.62
	(15.68)	(-)	(-)	(15.68)
Cersai Charges (ATSL)	-	0.00	-	0.00
	(-)	(-)	(-)	(-)
Arrangership fees (ABL)	7.02	-	-	7.02
	(10.44)	(-)	(-)	(10.44)
Other Reimbursement of Expenses (ABL)	89.42	-	-	89.42
	(88.06)	(-)	(-)	(88.06)
Royalty Charges (ABL)	150.53	-	-	150.53
	(-)	(-)	(-)	(-)
ESOP (ABL)	222.32	-	-	222.32
	(134.65)	(-)	(-)	(134.65)
Closing Balance				
Share Capital (ABL)	48,075.00	-	-	48,075.00
	(48,075.00)	(-)	(-)	(48,075.00)
Overdraft Account Balance (ABL)	35,109.49	-	-	35,109.49
	(41,541.85)	(-)	(-)	(41,541.85)
Current Account balance (ABL)	16,092.52	-	-	16,092.52
	(68.86)	(-)	(-)	(68.86)
Royalty Charges Payable (ABL)	33.48	-	-	33.48
	(-)	(-)	(-)	(-)
OPE Payables (ABL)	51.27	-	-	51.27
	(5.08)	(-)	(-)	(5.08)
Staff Cost Receivables (APEL)	-	2.57	-	2.57
	(-)	(-)	(-)	(-)
Sundry Receivables (ASL)	-	484.30	-	484.30
	(-)	(226.38)	(-)	(226.38)
Staff Loan given (KMP)	-	-	72.31	72.31
	(-)	(-)	(75.28)	(75.28)
Sundry Payables (ATSL)		0.00		0.00
	(-)	(-)	(-)	(-)
Demat Charges Payables (ASL)	-	0.06	-	0.06
	(-)	(-)	(-)	(-)

Note: -

1. Related party relationships and transactions have been identified by the Management and relied upon by the Auditors.
2. The remuneration to the key managerial person does not include provisions made for gratuity and leave benefits as they are determined on actuarial basis for the Company as a whole.
3. Figures in bracket pertain to previous year.

S.R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

AXIS FINANCE LIMITED MUMBAI

35 Employee Benefits

a) Defined contribution plan (Provident fund)

Amount of ₹ 187.40 lakhs (Previous Year ₹ 73.39) is recognised as expenses and included in Note 25 of "Employee Benefits expenses" in Statement of Profit and Loss.

b) Defined benefit plan (Gratuity)

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

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

The Company has invested fund in New Group Gratuity Cash Accumulation Plan with Life Insurance Corporation of India.

Net employee benefit expense (recognized in employee cost):

Particulars	2019 – 2020	2018 – 2019
Current service cost	26.77	9.87
Interest cost on benefit obligation	9.66	8.27
Expected return on plan assets	(10.16)	(7.30)
Past service cost	-	-
Transferred from group Company	-	-
Net benefit expense/(income)	26.27	10.84

Net employee benefit expense (recognized in Other Comprehensive Income - OCI):

Particulars	2019 – 2020	2018 – 2019
Net actuarial (gain)/loss recognized in the year	41.52	4.27
Return on Plan Assets, Excluding Interest Income	3.14	(2.40)
Net benefit (income)/expense for the year recognized in OCI	44.66	1.87

Provision for gratuity recognized in Balance Sheet:

Particulars	2019 – 2020	2018 – 2019
Projected benefit obligation	(197.71)	(124.35)
Fair value of plan assets	133.18	130.64
Less: Unrecognised past service cost	-	-
Plan (assets)/liability	(64.53)	6.29

Actual return on plan assets

Particulars	2019 – 2020	2018 – 2019
Expected return on plan assets	10.16	7.30
Actuarial gains/(losses) on plan assets	(3.14)	2.40
Actual Return on plan assets	7.02	9.70

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

Particulars	2019 – 2020	2018 – 2019
Opening projected benefit obligation	124.35	107.00
Interest cost	9.66	8.27
Current service cost	26.77	9.87
Past Service Cost - Vested Benefit Incurred during the period	-	-
Liability transferred in	-	-
Benefit Paid From the Fund	(4.60)	(5.05)
Actuarial (gains)/losses on obligation	41.52	4.27
Closing projected benefit obligation	197.70	124.36

S.R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

AXIS FINANCE LIMITED MUMBAI

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

35 Employee Benefits

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

Particulars	2019 – 2020	2018 – 2019
Opening fair value of plan assets	130.76	94.49
Expected return	10.16	7.30
Contributions by employer	-	31.50
Assets Transferred In	-	-
Benefits paid	(4.60)	(5.05)
Actuarial gains/(losses)	(3.14)	2.40
Closing fair value of plan assets	133.18	130.64

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

Gratuity

Particulars	March 31, 2020	March 31, 2019
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.

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

Particulars	2019 – 2020	2018 – 2019
Discount rate	6.84%	7.77%
Expected rate of return on assets	6.84%	7.77%
Employee turnover	5.00%	10.00%
Salary escalation rate	7.00%	7.00%

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

Amounts for the current and previous four periods are

Particulars	2019 – 2020 ₹	2018 – 2019 ₹	2017 – 2018 ₹	2016 – 2017 ₹	2015 – 2016 ₹
Projected benefit obligation	197.70	124.35	107.00	39.12	31.24
Plan assets	133.18	130.64	94.49	31.92	30.19
(Surplus) /deficit	64.52	(6.29)	12.51	7.20	1.05
Experience adjustments on plan liabilities	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

Particulars	2019 – 2020	2018 – 2019
Expected payment contibutions to the plan for next annual reporting period	135.68	20.37

The weighted average duration of defined benefit obligations as at 31 March 2020 is 12 years (Previous Year : 11 years)

Sensitivity Analysis

Particulars	2019 – 2020	2018 – 2019
Projected Benefit Obligation on Current Assumptions	197.71	124.35
Delta Effect of + 0.5% Change in Rate of Discounting	(9.63)	(10.80)
Delta Effect of - 0.5% Change in Rate of Discounting	10.46	12.61
Delta Effect of + 0.5% Change in Rate of Salary Increase	6.90	6.87
Delta Effect of - 0.5% Change in Rate of Salary Increase	(6.44)	(7.11)
Delta Effect of + 0.5% Change in Rate of Employee Turnover	0.60	2.65
Delta Effect of - 0.5% Change in Rate of Employee Turnover	(0.67)	(3.05)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

36 Deferred taxation & Income Tax:

In accordance with Ind AS 12 "Income Taxes", the Company has accounted for deferred taxes during the year. Deferred tax comprises of timing difference on account of following:-

Deferred Tax Asset/(Liability)	**2019 – 2020**	**2018 – 2019**
Depreciation	(80.80)	(35.92)
Provision for leave encashment	18.89	24.46
Unamortized Processing Fees	1,626.15	2,828.26
Lease and Deposit Fair Value	3.28	-
Fees on Loans Undisbursed	266.31	366.43
NCD Interest accrued and transaction cost	(393.06)	(418.25)
Fair Value of Investments	18.85	12.18
Term Loan at Amortised Cost	(3.55)	(3.20)
Expected Credit Loss	5,144.57	2,242.94
Provision for Impairment on Trade Receivables	3.05	1.42
Actuarial gain/loss on valuation of gratuity	16.24	-
Total	**6,619.93**	**5,018.33**

Movement of Deferred Tax Assets/(Liability)
For the Year Ended March 31, 2020

Deferred taxes in relation to	**Deferred Tax Asset/(Liability) Opening**	**to profit or loss**	**to OCI**	**Directly in equity**	**Total movement**	**Deferred Tax Asset/(Liability) Closing**
Deferred tax assets						
Provision for leave encashment	24.46	(5.57)	-	-	(5.57)	18.89
Unamortized Processing Fees	2,828.27	(1,202.12)	-	-	(1,202.12)	1,626.15
Lease and Deposit Fair Value	-	3.28	-	-	3.28	3.28
Fees on Loans Undisbursed	366.43	(100.12)	-	-	(100.12)	266.31
Fair Value of Investments	12.18	6.67	-	-	6.67	18.85
Expected Credit Loss	2,242.94	2,901.63	-	-	2,901.63	5,144.57
Provision for Impairment on Trade Receivables	1.42	1.63	-	-	1.63	3.05
Actuarial gain/loss on valuation of gratuity	-	5.00	11.24	-	16.24	16.24
Deferred tax liablities						
Depreciation	(35.92)	(44.88)	-	-	(44.88)	(80.80)
NCD Interest accrued and transaction cost	(418.25)	25.19	-	-	25.19	(393.06)
Term Loan at Amortised Cost	(3.20)	(.35)	-	-	(.35)	(3.55)
	5,018.33	**1,590.35**	**11.24**	**-**	**1,601.59**	**6,619.93**

For the Year Ended March 31, 2019

Deferred taxes in relation to	**Deferred Tax Asset/(Liability) Opening**	**to profit or loss**	**to OCI**	**Directly in equity**	**Total movement**	**Deferred Tax Asset/(Liability) Closing**
Deferred tax assets						
Provision for leave encashment	14.34	10.12	-	-	10.12	24.46
Unamortized Processing Fees	2,227.21	601.06	-	-	601.06	2,828.27
Provision for Gratuity	4.33	(3.68)	(.65)	-	(4.33)	-
Fees on Loans Undisbursed	400.10	(33.67)	-	-	(33.67)	366.43
Fair Value of Investments	-	12.18	-	-	12.18	12.18
Expected Credit Loss	1,475.02	767.92	-	-	767.92	2,242.94
Provision for Impairment on Trade Receivables	1.44	(.02)	-	-	(.02)	1.42
Deferred tax liablities						
Depreciation	(32.39)	(3.52)	-	-	(3.52)	(35.92)
NCD Interest accrued and transaction cost	(215.90)	(202.35)	-	-	(202.35)	(418.25)
Term Loan at Amortised Cost	-	(3.20)	-	-	(3.20)	(3.20)
	3,874.15	**1,144.84**	**(.65)**	**-**	**1,144.18**	**5,018.33**

The components of income tax expense for the years ended	**2019 – 2020**	**2018 – 2019**
Current Tax	9,263.71	12,630.11
Adjustment in respect of current income tax of prior years	-	-
Deferred tax relating to origination and reversal of temporary differences	(1,590.36)	(1,144.18)
Total tax charge	**7,673.35**	**11,485.93**
Current Tax	9,263.71	12,630.11
Deferred tax	(1,590.36)	(1,144.18)

Current Tax Assets (net)

Particulars	**2019 – 2020**	**2018 – 2019**
Current Tax Assets (net of provision for income tax	4,259.55	2,883.32

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. MUMBAI CHARTERED ACCOUNTANTS

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

37 Provisions and Contingencies

The break-up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account is as below:

Particulars	2019 – 2020	2018 – 2019
Provisions for impairment on Investment	52.72	1.95
Provision towards NPA (Stage 3)	9,084.23	1,524.64
Provision towards Trade receivables	8.06	(0.11)
Provision made towards Income tax	9,263.71	12,630.11
Provision for Standard Assets (Stage 1 & Stage 2)	4,938.01	631.99
Total	**23,346.73**	**14,788.58**

38 Leases:

The changes in the carrying value of Right-of-use assets for the year ended March 31, 2020 are as follows

Gross carrying value	Premises
Balance as at April 1, 2019	-
On adoption of Ind AS 116	
Addition	391.28
Translation adjustments	-
Balance as at March 31, 2020	391.28
Accumulative depreciation	
Balance as at April 1, 2019	-
Depreciation	31.00
Translation adjustments	-
Balance as at March 31, 2020	31.00
Net carrying value as at March 31, 2020	**360.28**

The following is the movement in lease liabilities during the year ended March 31, 2020.

Lease liabilities	Premises
Balance as at April 1, 2019	-
On adoption of Ind AS 116	
Additions	391.28
Translation adjustments	-
Interest expense on lease liabilities	16.09
Payment towards Lease Liability	(34.50)
Balance as at March 31, 2020	**372.87**

Amounts recognised in Statement of profit and Loss during the year ended March 31, 2020

Particulars	2019-20
Depreciation expense of right-of-use assets	32.45
Interest expense on lease liabilities	15.07
Total	**47.51**

Total cash outflow for leases:

Particulars	2019-20
Total cash outflow for leases	34.50
Total	**34.50**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020, on an undiscounted basis

Tenure	Premises
Less than 1 year	44.03
1-3 years	98.61
3-5 years	109.30
More than 5 years	120.93
Balance as at March 31, 2020	**372.87**

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

AXIS FINANCE LIMITED MUMBAI

39. Risk Management

Risk Profile

The Company has operations within India. It is exposed to various kind of risk such as credit risk, liquidity risk, market risk, operating risk and business risks. While risk is inherent to the Company's activities, it is managed through a risk management framework including identification, monitoring, subject to risk limits and other controls. Risk management is critical to the Company's continuing profitability.

Risk Management Structure

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Risk Management Committee of the Board has the responsibility for development of the risk strategy & risk appetite and implementing principles, policies and limits. The Committee is also responsible for managing risk decisions and monitoring risk levels.

The Risk Management Department is responsible for monitoring compliance with risk policies and limits. Business units are primarily responsible for management of risk in their units, including monitoring the risk of exposures against limits and the assessment of risks of structured transactions. Exceptions / breach of limits are reported to the management and the Risk Management Committee.

The Treasury Department is responsible for managing the liabilities and the overall capital structure. It is also primarily responsible for the funding and liquidity risks.

The Risk management processes are audited annually by the internal auditors, which examine the adequacy of the processes and compliance with the limits. The internal auditors discuss the results of all assessments with the management. Observations and recommendations of the internal auditors are reported to the Audit Committee of the Board.

Risk Mitigation

The Company's capital management guidelines ensure maintenance and management of prudent capital levels to support the desired balance sheet growth and provide a cushion against unexpected losses.

Managing liquidity positions is vital for the Company's effective operation. The management monitors the liquidity position on an ongoing basis and also examines how liquidity requirements are likely to evolve under different scenarios. The Asset Liability Management Committee (ALCO), comprising the Managing Director & CEO, Chief Risk Officer and Chief Financial Officer, considers the current economic and market environment, near-term business growth projections and long-term strategic business decisions for determining the appropriate mix of funding sources to ensure liquidity is managed prudently.

Risk Measurement and Reporting

Monitoring and controlling risks is performed based on limits established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of risk the Company is willing to accept, with additional emphasis on selected sectors, liquidity position and capital adequacy position. Information in this regard is presented to the senior management on a monthly basis and to the Risk Management Committee of the Board on a quarterly basis.

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

Excessive Risk Concentration

Concentration arises when a number of counterparties are engaged in similar business activities or operate in the same region or have similar features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. In order to avoid excessive concentration of risk, the Company's policies include limits / guidelines on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Credit Risk

Credit risk is the risk that the Company will incur a loss because its borrowers fail to fulfil their contractual obligations. The Company has robust underwriting mechanism for loans and investments. It manages and controls its credit risk by setting limits on the amount of exposure for individual counterparties & groups, products, geographies, etc. and by monitoring exposures in relation to such limits. It actively uses collaterals to reduce the credit risk. Credit quality review of individual exposures is undertaken for timely identification of deterioration in creditworthiness of counterparties, including that of collaterals.

Impairment Assessment

a) Definition of Default and Cure

The Company considers a loan as defaulted and therefore classified as Stage 3 (credit impaired) for ECL calculation in all cases when the borrower becomes 90 days past due on its contractual payments. Also, any loan facility which has been restructured / where the Company has exercised forbearance is considered as Stage 3.

As part of qualitative assessment of whether a customer is in default, the Company also considers other instances that may indicate unlikeliness to pay.

An asset classified as Stage 3 when the borrower becomes 90 days past due on its contractual payments shall be moved out from Stage 3 upon payment of all irregularities and on payment of next dues on due date. Restructured assets shall be moved out from Stage 3 on adherence of restructuring terms, subject to a cooling period of 1 year.

b) Probability of Default (PD) Estimation

It is an estimate of the likelihood of default over a given time horizon. In order to estimate / source the PDs, studies on defaults by external rating agencies available in public domain and experience of the Parent (Axis Bank Limited) have been taken into account.

c) Exposure at Default (EAD)

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayment of principal and interest, whether contractually scheduled or otherwise and expected drawdown on committed loan facilities and accrued interest from missed payments. A credit conversion factor of 10% is applied for expected drawdown on committed loan facilities.

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

d) Loss Given Default (LGD)

LGD is an estimate of the loss arising in case where a default occurs. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realization of any collateral.

Significant Increase in Credit Risk

The Company considers an exposure to have significantly increased in credit risk when the borrower becomes 30 days past due on its contractual payments. Further, a borrower who was credit impaired during the past 6 months preceding the reporting date shall also be classified as exhibiting significant increase in credit risk.

As part of qualitative assessment of whether a customer is exhibiting significant increase in credit risk, the Company also considers other instances that may indicate that there has been a significant deterioration in the customer's ability and willingness to pay.

Grouping Financial Assets

The Company calculates ECL either on a collective basis or at an individual client basis, based on the nature of the loan product. ECL for assets predominantly secured by listed / quoted financial securities is calculated on a collective basis. ECL for other assets and all Stage 3 assets is calculated on an individual basis.

Analysis of Risk Concentration

The Company's risk concentration is managed by client / counterparty. The maximum credit exposure to any client or counterparty was ₹ 145 crores as at March 31, 2020. Total exposure to 20 largest customers constituted 28.54% of the Company's total credit exposure as at March 31, 2020.

Credit Risk Exposure Analysis at Amortized Cost

(₹ In lakhs)

	As at 31 March 2020			
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Wholesale (A)	6,94,835.94	8,108.83	35,019.59	7,37,964.36
Retail (B)	35,995.17	852.47	173.26	37,020.90
Total Loans (A+B)	**7,30,831.11**	**8,961.30**	**35,192.85**	**7,74,985.26**
	-	-	-	-
Investments	**9,082.60**	-	-	**9,082.60**

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP MUMBAI

Collateral and Other Credit Enhancements

In order to mitigate the credit risk, the Company obtains collaterals, depending upon the assessment of credit risk at the individual loan account level. The Company has adopted guidelines for valuation and acceptability of each type of collateral.

Main types of collateral obtained include debentures, bonds, debt mutual fund units, real estate properties, fixed assets, escrow of specific receivables / cash flows. The Company also obtains personal / corporate guarantees from key promoters and parent / group companies for loans to their subsidiaries / group companies.

The management monitors the market value of collateral and additional collateral is obtained in case of a breach in the stipulated security cover in accordance with the loan agreement.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due, as a result of mismatches in the timing of cash flows. The Company has arranged for funding through diversified sources and adopted a policy of managing cash flows and monitoring liquidity to limit this risk. The Company has also adopted a Contingency Funding Plan, which is tested on an annual basis and the test results are placed before the Risk Management Committee of the Board.

Prepayment Risk

Prepayment risk is the risk that the Company will incur a financial loss because its customers repay earlier than expected / contracted. The Company has an option to levy a pre-payment penalty in such cases.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company classifies exposures to market risk into either trading or non-trading portfolios and manages those portfolios separately.

The Company does not maintain any trading portfolio. Market Risk on the non-trading portfolio is monitored through the Earnings at Risk limit. The Company is not exposed to currency risk as its entire borrowings and lending are denominated in Indian Rupees.

Interest Rate Risk

Interest Rate Risk is the risk of change in market interest rates which might adversely affect the Company's profitability. The immediate impact of changes in interest rates is on the company's earnings by impacting the Net Interest Income. The Company has set up an Earnings at Risk limit for monitoring and controlling the Interest Rate Risk which is monitored by The Asset Liability Management Committee (ALCO)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) on the Company's Net Interest Income:

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

Increase / Decrease in basis points	Sensitivity of Net Interest Income
	2019-20
+/- 20 bps	- ₹64.43 lakhs / + ₹64.43 lakhs
+/- 30 bps	-₹96.65 lakhs / +₹96.65 lakhs

Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, systems, people or external events. Operational risk can lead to financial and reputational loss or have legal or regulatory implications when controls fail to operate effectively. The Company cannot expect to eliminate all operational risks. However, it manages these risks through a control framework. Controls include defined process and framework across all units, system access, authorization and reconciliation procedures and assessment processes such as the use of internal audit and concurrent audit.

Impairment of Financial Assets

The Company records allowance for expected credit losses (ECL) for all loans and debt investments, together with loan commitments to customers.

The ECL allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case the allowance is based on the 12 months' expected credit loss. Both life time expected credit loss and 12 months' expected credit loss are calculated on individual loan / instrument basis.

At the end of each reporting period, the Company performs an assessment of whether the loan's / investment's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the asset.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as under:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months' expected credit loss. Stage 1 loans also include facilities where the credit risk has improved and the loan has been re-classified from Stage 2.

Stage 2: When a loan has shown significant increase in credit risk since origination, the Company records an allowance for the life time expected credit loss. Stage 2 loans also include facilities where the credit risk has improved and the loan has been re-classified from Stage 3.

Stage 3: When a loan is credit impaired, the Company records an allowance for the life time expected credit loss.

Calculation of Expected Credit Losses (ECL)

The Company calculates ECL to measure the expected cash shortfall, discounted at the Effective Interest Rate (EIR). Expected cash shortfall is the difference between the cash flows that are contractually due to the Company and cash flows that the Company expects to receive.

Key elements considered for ECL calculation are as under:

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

Probability of Default (PD): It is an estimate of the likelihood of default over a given time horizon. In order to estimate the PDs, studies on defaults available in public domain and experience of the Parent Company (Axis Bank Limited) have been taken into account.

Exposure at Default (EAD): EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayment of principal and interest, whether contractually scheduled or otherwise and expected drawdown on committed loan facilities and accrued interest from missed payments. A credit conversion factor of 10% is applied for expected drawdown on committed loan facilities.

Loss Given Default (LGD): LGD is an estimate of the loss arising in case where a default occurs. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realization of any security.

ECL is calculated as under:

Stage 1: The Company calculates the 12 months' ECL based on the expectation of a default occurring within 12 months from the reporting date. The expected 12-month PD is applied to the EAD and multiplied by the expected LGD and discounted at the EIR.

Stage 2: When a loan has shown significant increase in credit risk since origination, the Company records an allowance for life time expected credit loss as above, but the PD and LGD is estimated over the lifetime of the loan.

Stage 3: For loans considered credit impaired, life time ECL is recognised. The method is similar to that for Stage 2 loans / assets, with the PD set at 100%.

The Company also adopts a loss based approach to calculate ECL for assets predominantly secured by listed / quoted financial securities.

Forward Looking Information

In computation of ECL, the Company considers historical loss rates on the portfolio over a period which covers most external factors such as equity prices, property prices, collateral valuations, interest rates, etc. The management believes that there is no correlation directly with external events on loan repayment by the customers. Accordingly, no analysis has been performed.

Collateral Valuation

To mitigate the credit risk on loans / investments, the Company seeks to use collateral, where possible. The collateral may be in the form of receivables, mutual funds, bonds, real estate and guarantees.

Fair value of the collateral affects the calculation of ECL. It is assessed at inception of the loan and re-assessed on a yearly basis. However, quoted financial securities are valued daily.

Write-offs

Financial assets are written-off either partially or in their entirety when the Company has stopped pursuing recovery. There have not been any write-offs during the year.

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

AXIS FINANCE LIMITED
Notes forming part of financial statements for the period ended March 31, 2020
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Public Disclosure on Liquidity Risk March 31, 2020

Disclosure on Liquidity Risk, as per extant RBI guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies as at March 31, 2020 is as follows:

i. **Funding Concentration based on Significant Counterparty:**

Number of Significant Counterparties	Amount (₹ lakhs)	% of Total Deposits	% of Total Liabilities
18	5,37,554.72	N.A.	80.29%

Notes:

- Significant Counterparty - a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the company's Total Liabilities.
- Outstanding Amount have been considered in case of Term Loans (TLs), Working Capital (WC), Line of Credit (LOC) and Overdraft facilities (OD); Face Values has been considered in case of Commercial Papers (CPs) and Non – Convertible Debentures (NCDs)
- Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.

ii. **Top 20 Large Deposits (amount in ₹ lakhs and % of Total Deposits): Not Applicable**

iii. **Top 10 Borrowings:**

Amount (₹ lakhs)	% of Total Borrowings
4,56,394.72	71.52%

Note:

- Outstanding Amount have been considered in case of TLs, WC,LOC and OD facilities; Face Values has been considered in case of CPs and NCDs

iv. **Funding Concentration based on Significant Instrument/Product:**

Sr. No.	Name of the Instrument/Product	Amount (₹ lakhs)	% of Total Liabilities
1	Term Loans	1,75,747.00	26.25%
2	Working Capital / Line of Credit /Overdraft facilities	53,681.00	8.02%
3	Commercial Papers	1,66,200.00	24.82%
4	Non-Convertible Debentures	2,42,530.00	36.23%
Total		**6,38,158.00**	**95.32%**

Notes:

- Significant Instrument/Product – a single instrument/product or group of similar instruments/products which in aggregate amount to more than 1% of the company's Total Liabilities.

AXIS FINANCE LIMITED MUMBAI

- Outstanding Amount have been considered in case of TLs, WC,LOC and OD facilities; Face Values has been considered in case of CPs and NCDs
- Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.

v. Stock Ratios:

Sr.No.	Stock Ratios	%
A) I)	Commercial Papers as a % of Total Public Funds	26.04
II)	Commercial Papers as a % of Total Liabilities	24.82
III)	Commercial Papers as a % of Total Assets	20.94
B) I)	Non-Convertible Debentures (original maturity of less than one year) as a % of Total Public Funds	0.00
II)	Non-Convertible Debentures (original maturity of less than one year) as a % of Total Liabilities	0.00
III)	Non-Convertible Debentures (original maturity of less than one year) as a % of Total Assets	0.00
C) I)	Other Short-Term Liabilities as a % of Total Public Funds	34.94
II)	Other Short-Term Liabilities as a % of Total Liabilities	33.31
III)	Other Short-Term Liabilities as a % of Total Assets	28.10

Notes:

- Total Public Funds to be computed as Gross Total Debt (Outstanding Amounts of TLs, WC,LOC and OD facilities and Face Values of CPs and NCDs)
- Other Short-term Liabilities – Total Liabilities due within a year less CPs and NCDs (Original maturity of less than one year) repayment due within a year
- Outstanding Amount have been considered in case of TLs, WC,LOC and OD facilities; Face Values has been considered in case of CPs and NCDs
- Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus. Total Assets taken as the Balance Sheet figure

vi. Institutional set-up for Liquidity Risk Management:

The Board has the overall responsibility for management of liquidity risk. The Board decides the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits approved by it. The Risk Management Committee (RMC), which is a committee of the Board, is responsible for evaluating the overall risks faced by AFL including liquidity risk. The meetings of RMC are held at quarterly intervals. The Asset Liability Management Committee (ALCO) is responsible for ensuring adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy. The role of the ALCO with respect to liquidity risk includes, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions at an entity level. The minutes of ALCO meetings are placed before the RMC during its quarterly meetings for its noting.

AXIS FINANCE LIMITED MUMBAI

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

40. Asset Liability Management Maturity pattern of certain items of assets and liabilities

Financial year 2019-20

Particulars	Upto 30-31 days	Over 1 month upto 2 months	Over 2 month upto 3 months	Over 3 month & upto 6 months	Over 6 month & upto 1 years	Over 1 year and upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Advances	20,092.36	16,342.87	54,579.81	90,334.30	2,30,668.99	2,09,701.19	82,776.52	50,048.29	7,54,544.33
Investments	-	-	2.83		-	5,025.10	2,000.00	2,000.00	9,027.93
Borrowings	70,060.58	94,489.41	54,544.00	68,258.65	96,040.36	2,21,706.84	8,073.47	49,863.27	6,63,036.58

Financial year 2018-19

Particulars	Upto 30-31 days	Over 1 month upto 2 months	Over 2 month upto 3 months	Over 3 month & upto 6 months	Over 6 month & upto 1 years	Over 1 year and upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Advances	23,191.59	160.96	67,021.09	1,27,229.25	2,49,858.16	2,58,130.17	58,719.86	8,268.81	7,92,579.89
Investments	-	-	-	-	-	4,977.43	3,000.00	2,000.00	9,977.43
Borrowings	80,334.06	57,345.06	97,277.20	81,591.70	1,31,895.22	1,49,199.86	23,331.63	49,848.73	6,70,823.46

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

41 There are no restructured loans as at 31 March 2020 (31 March 2019 ₹ Nil).

42 Information related to Micro, Small and Medium Enterprises Development Act, 2006 (Act) has been determined to the extent such parties have been identified on the basis of information available with the Company. There is no outstanding balance due to such parties at year end. (31 March 2019 ₹ Nil).

43 Foreign currency expenditure and foreign currency income during the year was Nil (31 March 2019 ₹ Nil).

44 Capital to Risk-Asset Ratio (CRAR)

1. The primary objectives of the Company's capital management policy is to ensure that the Company complies with RBI imposed capital adequacy requirements and maintains healthy capital ratios in order to support its business and to maximise shareholder value.
2. The Company manages its capital structure and makes adjustments to it according to changes in economic and risk conditions and regulatory requirements. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

3. Tier I Capital consists of share capital, securities premium, retained earnings including current year profit less dividend distribution and reduced by deferred expenses, deferred taxes and intangible assets.
4. Tier II Capital consists of impairment provisions on financial instruments (assets) and subordinate debt.

Particulars	**2019-20**	**2018-19**
CRAR- Tier I Capital	1,15,945.62	1,15,603.92
CRAR- Tier II Capital	61,662.42	54,748.78
Total Capital	1,77,608.04	1,70,352.70
CRAR (%)	23.01%	21.09%
CRAR- Tier I Capital (%)	15.02%	14.31%
CRAR- Tier II Capital (%)	7.99%	6.78%
Amount raised by issue of Perpetual Debt Instruments	-	-

45 Exposure* to Real Estate Sector

Particulars	**2019-20**	**2018-19**
A) Direct Exposure		
(i) Residential Mortgages	2,184.78	728.48
(ii) Commercial Real Estate	4,22,734.03	3,67,635.88
(iii) Investment in Mortgage Backed Securities(MBS) and other securitised exposures		
(a) Residential	-	-
(b) Commercial Real Estate	-	-
B) Indirect Exposure	-	-
Total Exposure to Real Estate Sector	**4,24,918.81**	**3,68,364.36**

* As per RBI Master Circular DBR.No.Dir.BC.12/13.03.00/2015-16, Exposure includes credit exposure (funded and non-funded credit limits) and investment exposure (including underwriting and similar commitments). The sanctioned limits or outstandings, whichever are higher, has been reckoned for arriving at the exposure limit.

S.R. BATLIBOI & CO. LLP * CHARTERED ACCOUNTANTS * MUMBAI

AXIS FINANCE LIMITED MUMBAI

46 Frauds detected and reported for the year amounted to ₹10.17 lakhs (previous year: Nil). An amount of ₹2.07 lakhs was recovered during the year and the balance amount of ₹8.10 lakhs has been provided for.

47 The Company has not entered into any derivative transaction (including forward rate agreement /interest rate swap/ Exchange Traded Interest Rate (IR) Derivatives) during the current year and previous year and there is no outstanding derivative transaction as on 31 March 2020 and 31 March 2019 respectively.

48 There has not been any limit exceeded for single borrower limit and group borrower limit by the Company in current year and previous year.

49 There are no advances/projects financed by the Company wherein intangible security such as rights, licences, authorizations etc. are charged as collateral.

50 There are no registrations obtained from other financial sector regulator (other than RBI) by the Company in current year and previous year.

51 There have not been any penalties imposed by RBI and other regulators on the Company in current year and previous year.

52 India Ratings and Research Private Limited and CRISIL Limited have accredited the following ratings to the Company.

Name of Rating Agency	Type	Ratings	Amount (₹ in crores)	Tenure	Validity
India Ratings and Research Private Limited	Long term	IND AAA / Stable	3,325	-	Yearly Surveillance
	Short term	IND A1+	10,000	12 months	1 year from rating date i.e. 05-03-2020 or 31-03-2021 whichever is earlier
CRISIL Limited	Long term	CRISIL AAA / Stable	2,000	-	Yearly Surveillance
	Short term	CIRSIL A1+	10,000	60 days	60 days from 30-03-2020 or life of the instrument or one year issued within 60 days from 30-03-2020

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS

AXIS FINANCE LIMITED MUMBAI

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

53 There are no securitisation transactions entered into by the Company during the current year and previous year. Also, the Company does not have any securitisation exposures during the current year and previous year.

54 The Company has not sold any financial assets to Securitisation/Reconstruction Company for asset reconstruction and also not undertaken any assignment transactions during the current year and previous year.

55 The Company has not purchased/sold any non performing financial assets during the current year and previous year.

56 There has not been any financing of parent Company products by the Company during the current year and previous year.

57 **Exposure* to Capital Market**

Particulars	2019-20	2018-19
A) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
B) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	96,883.60	1,48,128.84
C) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	1,09,439.13	2,34,174.27
D) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
E) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	4,400.37	6,208.16
F) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
G) bridge loans to companies against expected equity flows / issues;	-	-
H) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	**2,10,723.10**	**3,88,511.27**

* As per RBI Master Circular DBR.No.Dir.BC.12/13.03.00/2015-16, Exposure includes credit exposure (funded and non-funded credit limits) and investment exposure (including underwriting and similar commitments). The sanctioned limits or outstandings, whichever are higher, has been reckoned for arriving at the exposure limit.

58 There have been no drawn down reserves during the current year and previous year.

AXIS FINANCE LIMITED MUMBAI

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

59 Concentration of Advances*

Particulars	2019-20	2018-19
Total Advances to Twenty Largest Borrowers	2,53,875.18	2,55,678.05
Percentage of Advances to Twenty Largest Borrowers to Total Advances	32.84%	31.79%

* Advances include borrower contractual outstading balances

60 Concentration of Exposures*

Particulars	2019-20	2018-19
Total Exposure to Twenty Largest Borrowers / customers	2,50,549.51	2,64,467.31
Percentage of Exposures to Twenty Largest Borrowers / Customers to Total Exposure of Axis Finance on borrowers / customers	28.54%	29.22%

* As per RBI Master Circular DBR.No.Dir.BC.12/13.03.00/2015-16, Exposure includes credit exposure (funded and non-funded credit limits) and investment exposure (including underwriting and similar commitments). The sanctioned limits or outstandings, whichever are higher, has been reckoned for arriving at the exposure limit.

61 Concentration of Non Performing Assets* (NPAs)

Particulars	2019-20	2018-19
Total exposure to top four Non Performing Assets	33,838.69	3,049.29

*** Assets under Stage 3 are considered as NPAs**

62 Sector-wise Non Performing Assets (NPAs)

Sectors	% of NPAs to Total Advances in that sector 2019-20	% of NPAs to Total Advances in that sector 2018-19
Agriculture & allied activities	-	-
MSME	-	-
Corporate borrowers	4.68%	0.41%
Services	-	-
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	4.00%	-
		-

63	Movement of Non Performing Assets (NPAs)	2019-20	2018-19
(i)	Net NPAs to Net Advances (%)	3.18%	0.19%

(ii)

Movement of NPAs (Gross)	2019-20	2018-19
Opening balance	3,049.29	-
Additions during the year	32,143.56	3,049.29
Reductions during the year	-	-
Closing balance	**35,192.85**	**3,049.29**

(iii)

Movement of NPAs (Net)	2019-20	2018-19
Opening balance	1,524.64	-
Additions during the year	23,059.34	1,524.64
Reductions during the year	-	-
Closing balance	**24,583.98**	**1,524.64**

(iv)

Movement of Provision on NPAs (excluding provision on Standard Assets)	2019-20	2018-19
Opening balance	1,524.64	-
Additions during the year	9,994.51	1,524.64
Reductions during the year	(910.28)	-
Closing balance	**10,608.87**	**1,524.64**

AXIS FINANCE LIMITED MUMBAI

Note 64: Disclosures pursuant to RBI Notification - RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 Provisions required under Income Recognition, Asset Classification and Provisioning and impairment allowances made under Ind AS 109

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
-1	-2	-3.00	-4.00	(5)=(3)-(4)	-6.00	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	7,30,831.12	8,678.91	7,22,152.21	2,923.84	5,755.08
Standard	Stage 2	8,961.29	1,153.15	7,808.14	581.05	572.09
Standard	Stage 3	16,612.02	7,616.00	8,996.02	7,615.08	0.92
Subtotal		**7,56,404.43**	**17,448.06**	**7,38,956.37**	**11,119.97**	**6,328.09**
Non-Performing Assets (NPA)						
Substandard	Stage 3	15,523.07	2,370.03	13,153.04	1,471.57	898.46
Doubtful - 1	Stage 3	3,049.29	614.37	2,434.92	569.95	44.42
Doubtful - 2	Stage 3	-	-	-	-	-
Doubtful - 3	Stage 3	-	-	-	-	-
Subtotal for doubtful		**3,049.29**	**614.37**	**2,434.92**	**569.95**	**44.42**
Loss	Stage 3	8.47	8.47	-	8.31	0.16
Subtotal for NPA		**18,580.83**	**2,992.87**	**15,587.96**	**2,049.83**	**943.04**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
	Stage 1	7,30,831.12	8,678.91	7,22,152.21	2,923.84	5,755.08
	Stage 2	8,961.29	1,153.15	7,808.14	581.05	572.09
	Stage 3	35,192.85	10,608.87	24,583.98	9,664.92	943.96
	Total	**7,74,985.26**	**20,440.93**	**7,54,544.33**	**13,169.81**	**7,271.13**

AXIS FINANCE LIMITED MUMBAI

(All amounts are in rupees lakhs, except per share data and as stated otherwise)

65 Disclosures pursuant to RBI Notification - RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 SMA/overdue categories, where the moratorium/deferment was extended

i)SMA/Overdue category accounts, where moratorium extended

Asset Classification	Total Outstanding	ECL Provision
SMA/overdue	11,911.52	1,041.34
Total	**11,911.52**	**1,041.34**

ii)Accounts Asset classification benefit extension and provision:

Asset Classification Benefit has been extended to 613 Accounts having total outstanding of ₹ 5043.01, wherein ₹ 582.01 of provision is being carried as on 31 March 2020.

66 There are no Off-Balance Sheet SPVs of the Company for the current year as well as previous year.

67 Customer Complaints

Particulars	2019-20	2018-19
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	30	2
No. of complaints redressed during the year	27	2
No. of complaints pending at the end of the year	3	-

68 Amount of expenditure incurred on corporate social responsibility (CSR) activities

Particulars	2019-20	2018-19
Gross amount required to be spent by the company during the year	599.49	495.82
Amount spent during the year ending on 31st March:		
A) Construction/acquisition of any asset	-	-
B) On purposes other than (A) above - Paid in Cash	599.49	495.82
C) On purposes other than (A) above - Yet to be paid	-	-

69 Details of Auditors Remuneration

Particulars	2019-20	2018-19
For Statutory Audit and Limited Review	42.00	36.60
Total	**42.00**	**36.60**

70 The Company is in the process of amalgamation with Axis Private Equity Limited (a group company) wherein the former is the Transferee and the latter is the Transferor. In this regard, the Company has filed application petition before the National Company Law Tribunal, Mumbai. National Company Law Tribunal, Mumbai has admitted the petition on May 10, 2019. At the last hearing on February 27, 2020, the NCLT has fixed the matter as reserved for order and the same is awaited as at the Balance Sheet date.

71 Previous year figures have been re-grouped, re-classified wherever necessary to conform to current year's presentation.

The accompanying notes are forming part of financial statements
As per our attached report of even date

For S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration No.301003E/E300005

per Viren H. Mehta
Partner
Membership No.: 048749
Place of Signature: Mumbai
Date: May 30, 2020

For and behalf of the board of Axis Finance Limited

Amitabh Chaudhry
Chairman
DIN No: 00531120

Bipin Kumar Saraf
Managing Director
DIN No: 06416744

AXIS FINANCE LIMITED MUMBAI

Amith Iyer
Chief Financial Officer

Rajneesh Kumar
Company Secretary
Membership No: A31230

AXIS FINANCE LIMITED
Notes forming part of financial statements for the period ended 31 March, 2020
Schedule to the Balance Sheet of a non-deposit taking non-banking financial company
(All amounts are in rupees lakhs)

	Particulars	Amount outstanding as at March 31,2020	Amount overdue as at March 31, 2020	Amount outstanding as at March 31,2019	Amount overdue as at March 31, 2019
Liabilities side :					
(1)	**Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:**				
	(a) Debentures : Secured	2,17,482.95	-	1,87,237.87	-
	: Unsecured (other than falling within the meaning of public deposits*)	52,916.72	-	52,902.06	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	1,75,732.67	-	62,173.87	-
	(d) Inter-corporate loans and borrowing	-	-	-	-
	(e) Commercial Paper	1,63,194.85	-	2,00,191.56	-
	(f) Public Deposits*	-	-	-	-
	(g) Other Loans (Bank's Line of Credit)	53,709.39	-	1,85,078.03	-
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :**				
	(a) In the form of Unsecured debentures	-	-	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	(c) Other public deposits	-	-	-	-

Note
As defied in point xix of paragraph 3 of Chapter – 2 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

* Disclosure is made in respect of available information

	Particulars	Amount outstanding as at March 31,2020	Amount overdue as at March 31, 2020	Amount outstanding as at March 31,2019	Amount overdue as at March 31, 2019
Assets side :					
(3)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :**				
	(a) Secured	7,09,096.46	9,825.75	7,55,425.31	1,424.87
	(b) Unsecured	65,888.80	-	43,573.27	-
(4)	**Break up of Leased Assets and stock on hire and other assets counting towards AFC activities**				
	(a) Lease assets including lease rentals under sundry debtors :	-	-	-	-
	(i) Financial lease	-	-	-	-
	(ii) Operating lease	-	-	-	-
	(b) Stock on hire including hire charges under sundry debtors:	-	-	-	-
	(i) Assets on hire	-	-	-	-
	(ii) Repossessed Assets	-	-	-	-
	(c) Other loans counting towards AFC activities	-	-	-	-
	(i) Loans where assets have been repossessed	-	-	-	-
	(ii) Loans other than (i) above	-	-	-	-

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

AXIS FINANCE LIMITED
Notes forming part of financial statements for the period ended 31 March, 2020
Schedule to the Balance Sheet of a non-deposit taking non-banking financial company
(All amounts are in rupees lakhs)

(5)	Break-up of Investments :	As at March 31, 2020	As at March 31, 2019
	Current Investments :		
	(a) Quoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	9,082.60	9,979.38
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	(b) Unquoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	Long Term Investments :		
	(a) Quoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	(b) Unquoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
		9,082.60	**9,979.38**

AXIS FINANCE LIMITED MUMBAI

S.R. BATLIBOI & CO. LLP CHARTERED ACCOUNTANTS MUMBAI

AXIS FINANCE LIMITED
Notes forming part of financial statements for the period ended 31 March, 2020
Schedule to the Balance Sheet of a non-deposit taking non-banking financial company
(All amounts are in rupees lakhs)

(6) Borrower group-wise classification of assets financed as in (3) and (4) above : Please see Note 1 below

Category	Amount net of provisions as at March 31,2020			Amount net of provisions as at March 31, 2019		
	Secured	Unsecured	Total	Secured	Unsecured	Total
(a) Related Parties **						
(i) Subsidiaries	-	-	-	-	-	-
(ii) Companies in the same group	-	-	-	-	-	-
(iii) Other related parties	-	-	-	-	-	-
(b) Other than related parties	6,89,684.73	64,859.60	7,54,544.33	7,49,202.48	43,377.41	7,92,579.89
Total	**6,89,684.73**	**64,859.60**	**7,54,544.33**	**7,49,202.48**	**43,377.41**	**7,92,579.89**

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 2 below

Category	Market Value / Break up or fair value or NAV* as at March 31, 2020	Book Value (Net of Provisions) as at March 31, 2020	Market Value / Break up or fair value or NAV* as at March 31, 2019	Book Value (Net of Provisions) as at March 31, 2019
(a) Related Parties **				
(i) Subsidiaries	-	-	-	-
(ii) Companies in the same group	-	-	-	-
(iii) Other related parties	-	-	-	-
(b) Other than related parties	9,811.41	9,027.93	10,647.90	9,977.43
Total	**9,811.41**	**9,027.93**	**10,647.90**	**9,977.43**

* Disclosure is made in respect of available information
** As per Accounting Standard of ICAI (Please see Note 2)

(8) Other information

Particulars	2019-20	2018-19
(a) Gross Non-Performing Assets		
(i) Related parties	-	-
(ii) Other than related parties	35,192.85	3,049.29
(b) Net Non-Performing Assets		
(i) Related parties	-	-
(ii) Other than related parties	24,583.98	1,524.64
(c) Assets acquired in satisfaction of debt	-	-

Notes: 1. Provisioning norms shall be applicable as prescribed in Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
2. All Indian Accounting Standards and Guidance Notes issued by ICAI are applicable including for calculation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (5) above.