DIVERSIFY

Wholesale Lending

MSME

Retail Assets

DE-RISK

DIGITALISE

ONE-AXIS SYNERGIES

Creating a win-win proposition for all Axis Family entities

Accelerating with agility

AXIS FINANCE
Axis Finance Limited

ANNUAL REPORT 2021-22

Contents

Scan QR code to view our website

Highlights FY 2021-22

Gross AUM
₹17,059 Crore
↑ 54%

Total income
₹1,511 Crore
↑ 47%*

Net interest income
₹757 Crore
↑ 44%*

Profit after tax
₹346 Crore
↑ 78%*

Net worth
₹2,191 Crore
↑ 52%

Net interest margin
5.9 %
↓ 57 BPS*

Operational

Capital adequacy ratio
19.2%
↓ 34 BPS*

Net NPA
0.4%
↓ 144 BPS*

Return on Assets
2.6%
↑ 37 BPS*

Return on equity
20.9%
↑ 635 BPS*

*As compared to FY 2020-21
^As per Ind AS

DIVERSIFY. DE-RISK. DIGITALISE.

Accelerating with agility

In our nine-year journey, we have built a customer-centric franchise while aspiring to set new industry benchmarks across growth, asset quality, operating metrics, service delivery standards and shareholder's return.

FY 2021-22 was a pivotal year for Axis Finance as we achieved one of the fastest break-even in our Retail lending business and one of the fastest go[1] live in Emerging Markets business, with focus on secured lending for MSMEs, to drive sustainable and granular growth. Also, notwithstanding successive COVID-19 waves and resultant intermittent periods of contraction of economic activities, the wholesale portfolio has seen strong growth as well as secular improvement in already strong and industry-leading asset quality.

While de-risking our business, we also focused on becoming more agile and integrated through digitalisation. Whether it's about enhancing customer experience, empowering employees, ensuring seamless partner collaboration, or driving operational efficiency, we've been leveraging technology in every aspect to build a tech-enabled scalable business model.

As we strive to become a partner of choice for all our customers, employees and vendors, we have prioritised three focus areas i.e., people, product and process. We are actively investing in these three areas and devised specific strategies that will help us realise our vision.

Corporate identity

Axis Finance at a glance

We are one of India's fastest growing non-banking financial companies (NBFCs), offering tailored financial solutions to a wide range of customers under wholesale, retail and emerging markets verticals.

As a wholly-owned subsidiary of Axis Bank, we constantly strive to meet the unique financial needs of customers through our diversified product offerings. We have reinforced our foundation and established a tech-enabled scalable business model over the years by fine-tuning our strategy and deepening our relationship with customers. During FY 2021-22, we launched a new business vertical - Emerging Markets - with focus on offering secured loans primarily to MSMEs.

Vision

To be the preferred financial solutions provider excelling in customer delivery through insight, empowered employees and smart use of technology.

Core values

The core values that reflect across the policies and decisions of the organisation comprise:

1. Customer centricity
2. Ethics
3. Transparency
4. Teamwork
5. Ownership

Axis Finance in numbers

3
Business verticals- Wholesale, Retail, Emerging Markets

#1
Continue endeavours to maintain best-in-industry asset quality metrics

84%
Of total loan book is secured

27
Offices delivering loans across 200+ locations

25+
Catering customised loans to more than 25 sectors

97.8%
Customer complaints closed within regulatory TAT

96%
Digital invoicing with focus on reducing carbon footprint

980
Employees

91%
Would recommend Axis as a great place to work to friends

Widened national footprint

Our nation-wide presence enables us to serve better and provide a smooth experience to customers. Our decentralised lending approach makes our branches more efficient, enabling faster processing, quicker turnaround and increased productivity.

■ Axis Bank - Sub-leased branches
● Axis Finance Limited Branches

*2 branches
Map not to scale

Product portfolio

Offering niche financial solutions

Business verticals

	Product offerings	Highlights, FY 2021-22
Wholesale (63% of overall loan book)	Corporate loans Collateralised loans Real-estate loans	**₹10,717** Crore Outstanding **16% Y-O-Y growth**
Retail lending (33% of overall loan book)	Loan against property Personal loans Housing loans Business loans School fee finance	**₹5,694** Crore Outstanding **200% Y-O-Y growth**
Emerging Markets (4% of overall loan book)	MSME lending Lease renting discounting (LRD) Loan against property	**₹648** Crore Outstanding within first six months of operations

Wholesale lending

Our wholesale lending portfolio encompasses a range of financial solutions including corporate loans, collateralised loans and real estate financing. In this vertical, we provide loans to mid and large corporates. Wholesale vertical accounts for 63% of our overall portfolio.

Corporate loans
In corporate loans, we majorly focus on large groups and their eco-systems, with cash flow backed business models. We offer financial solutions to a variety of clients across multiple industries.

Collateralised loans
We provide a variety of collateralised long-term financing solutions, especially in non-cyclic sectors, e.g., Healthcare, Education (primarily K-12 Schools), Warehouse etc., as well as lease rental discounting (LRD) and loan against properties (LAP).

Real estate
Financing backed by inventory in completed residential and commercial projects in key markets of Western and Southern India.

Retail Lending
Our Retail vertical accounts for 33% of our overall loan book. Over the last three years, we have substantially increased our focus on retail lending which resulted significant growth.

Loan type	Range of loan amount	Loan tenure	Target customer
Loan against property (LAP)	Up to ₹5 Crore	Up to 240 months	Salaried, self-employed businessmen, self-employed professionals (doctors, architects etc.)
Personal loans	₹25k - ₹25 Lakh	Up to 84 months	Salaried employees
Business loans	₹1Lakh - ₹50 Lakh	Up to 60 months	Self-employed businessmen, self-employed professionals
Home loans	Up to ₹5 Crore	Up to 360 months	Salaried, self-employed businessmen, self-employed professionals (doctors, architects etc.)
School fee finance	Up to ₹20 Lakh	Up to 12 months	Salaried, self-employed businessmen, self-employed professionals (doctors, architects etc.)

Emerging Markets
The Emerging Markets business focuses on small ticket corporate loans and loans backed by a variety of collaterals especially in non-metro markets. The Emerging Markets business was launched in H2 FY 2021-22 and has an established presence in 20+ cities in less than six months, making it one of the fastest Go-Lives. The Emerging Markets business will further aid our stated objective of granular and well-diversified growth across markets.

Key performance indicators

Attractive performance

Gross AUM* ₹ (in Crore)

2021-22	17,059
2020-21	11,089
2019-20	7,816
2018-19	8,140
2017-18	6,624

54% y-o-y growth
21% (5-year CAGR)

*Before making any Ind AS adjustments

Total income ₹ (in Crore)

2021-22	1,511
2020-21	1,029
2019-20	1,000
2018-19	895
2017-18	722

47% y-o-y growth
16% (5-year CAGR)

Net interest income ₹ (in Crore)

2021-22	757
2020-21	525
2019-20	474
2018-19	389
2017-18	250

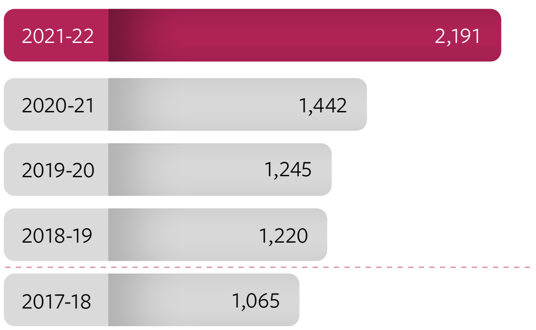
44% y-o-y growth
25% (5-year CAGR)

Profit after tax ₹ (in Crore)

2021-22	346
2020-21	195
2019-20	164
2018-19	211
2017-18	209

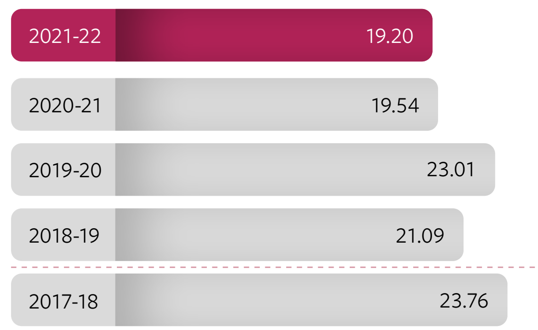
78% y-o-y growth
11% (5-year CAGR)

Net worth ₹ (in Crore)



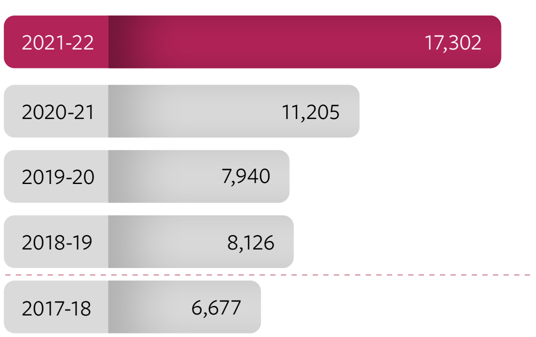
52% y-o-y growth
16% (5-year CAGR)

Capital adequacy ratio (%)



34 bps y-o-y

Total assets ₹ (in Crore)



54% y-o-y growth
21% (5-year CAGR)

Credit rating

We are among the country's highest-rated NBFCs because of our strong business model, which is powered by our expertise, strength of customer-centricity, physical and digital outreach and diversified lending solutions with a robust risk management framework.

Rating agency	Long-term	Short-term
CRISIL Ratings	AAA	A1+
India Ratings	AAA	A1+

Above the separator - Ind AS
Below the separator - IGAAP

Chairman's message

Reflecting on our progress

At AFL, we have been aggressively investing in developing unique products, processes, and experiences to emerge as one of the most preferred NBFCs in India. In FY 2021-22, we launched a new vertical - emerging markets - which gave us a solid start with a monthly disbursement of ~₹125 Crore as of March 2022.

Dear shareholders,

I am pleased to report that fiscal year 2021-22 was yet another remarkable year for us, with strong growth across all performance metrics. This was made possible by our employees' consistent efforts to provide great value in terms of customer service, business growth, asset quality, digital adoption, and many others.

The year began with the second wave of the pandemic, followed by a strong rebound, and ended with macroeconomic headwinds from the war and rising inflation. Our strong performance in these uncertain times has given us the confidence to aim higher.

The NBFC sectors has navigated through several challenges over the last couple of years. The pandemic has put NBFCs to the test, but the sector has emerged stronger so far, with reasonable balance-sheet growth, increased credit intermediation, higher capital, a lower delinquency ratio, and expanded liquidity cushions. Going forward, the sector is expected to remain buoyant on the back of increased vaccination rates and a broadening economic recovery and increased credit demand. The sector's developments in FY 2021-22 augur even brighter prospects in the years ahead.

At AFL, we have been aggressively investing in developing unique products, processes, and experiences to emerge as one of the most preferred NBFCs in India. In FY 2021-22, we launched a new vertical - emerging markets, which gave us a solid start with a monthly disbursement of ~₹125 Crore as of March 2022. Our wholesale book also saw robust AUM growth with strong asset quality ratios. Despite our late entry into a highly competitive retail vertical, we gained significant traction within two years due to our service and process differentiation to achieve the fastest break-even in the industry.

While we progressed well and have been reasonably successful on multiple fronts, we are now focusing on turning that reputation and positive feedback into tangible long-term business goals.

One of our primary objectives is to gain market share in every city and channel in which we operate. We have planned to expand and deepen our market presence across India by using both physical and digital distribution channels. We have identified high-potential markets for establishing branch offices and will leverage partner strengths to expand distribution at a minimal cost.

Another critical aspect is our ongoing efforts to maintain the industry's best-in-class asset quality metrics. We focus on growing our asset base while maintaining credit discipline by aligning loan origination with risk appetite, leveraging technology at every stage to improve accuracy, and tracking loan account movements using analytics for proactive portfolio monitoring.

We continue to invest in digital infrastructure to improve the robustness, agility, and scalability of our processes. This has enabled us to manage loan processing effectively and efficiently from origination to disbursement and repayment collection. Further, we are leveraging technology to better understand customer needs, market our products, manage risk, and monitor policies. To foster a data-driven culture, we are actively investing on skill upgradation in data analytics.

Above all, team synergies and collaboration are critical, which requires micromanagement and ground-level execution. We have created a well-thought-out and detailed monthly business plan for every location, channel, product, and employee. On the above plan, we have a fail-proof and well-documented weekly review mechanism in place to monitor progress and take corrective action as needed. We will track various metrics such as productivity ratios, approval ratios, TATs, cheque bounce ratios, and collection ratios to identify areas of improvement.

As we begin FY 2022-23 with renewed optimism and promise, I am confident that our well-diversified products, agile processes, strong team, and recalibrated strategies, backed by the One Axis ecosystem, will enable us to build the most preferred NBFC franchise in the future.

I, on behalf of the Board of Directors and the entire leadership team, would like to thank every member of the AFL Team for their unwavering spirit and dedication towards the organisation. I also extend my sincere gratitude to all our stakeholders for their continued support and trust.

Best regards,

Amitabh Chaudhary
Chairman

MD & CEO's message

Recalibrating strategies

One of the remarkable achievements during the year was our retail book becoming profitable in less than two years' time, which is the fastest in the industry. Despite a challenging market environment, our retail loan book grew about 203% to ₹5,694 Crore in FY 2021-22 from ₹1,880 Crore in FY 2020-21. Our robust process, automation and digitalisation initiatives in retail helped us sail through the most turbulent times during the year.

Dear shareholders,

It gives me great pleasure to state that FY 2021-22 was one of the best years for Axis Finance. Despite an uncertain environment caused by the new COVID-19 variants, we performed admirably in terms of growth in AUM, income, and profitability. Moreover, we made significant progress in every aspect, including portfolio diversification, digital adoption, process improvements, and HR practices.

This was possible because of the unwavering efforts and understanding of our people during this difficult time. At AFL, we accorded the highest priority to ensure the safety and wellbeing of all employees and their family members, and thus, facilitated vaccination for them.

Robust performance

We closed the year with an AUM of ₹17,059 Crore, an increase of nearly 54% compared to the closing AUM of ₹11,089 Crore in the previous year. Our net profit grew by 78% to ₹346 Crore compared to ₹195 Crore in the previous year.

Our overall wholesale book increased by 16% with strong growth in core disbursements. Our consistent efforts on strengthening asset quality helped us to reduce NNPA of the wholesale book to 0.75% levels. During FY 2021-22, we introduced a new vertical viz Emerging Markets across 20+ cities with focus on SME lending that increased the stability and granularity of our portfolio. This vertical gained significant traction within six months of operations, reaching more than ₹600 Crore loan book.

Another remarkable achievement was our retail book becoming profitable in less than two years' time, which is the fastest in the industry. Despite a challenging market environment, our retail loan book grew about 203% to ₹5,694 Crore in FY 2021-22 from ₹1,880 Crore in FY 2020-21. Our robust process, automation and digitalisation initiatives in retail helped us sail through the most turbulent times during the year.

Future focus

As we see FY 2022-23 as a "Year of Change", we prioritised three focus areas: people, product and process. All our strategies will revolve around our core philosophy of 'customer centricity.'

People

Our employees have been the most valuable assets over the last nine years in AFL's growth journey. We have developed a performance-driven work culture over the years, with a focus on developing values, teamwork, learning and development, training, and so on.

Product

We have developed specific strategies for each business vertical. In the wholesale vertical, we will continue to invest in strengthening our core book with focus on improving asset quality. Along with our conventional model, we will also be focusing on driving business growth through co-participation, syndication and down sell.

Building on the growth momentum of the Emerging Markets vertical, we will create strong footholds by expanding our geographical presence to 35+ cities by the next fiscal. We will continue investing in technology-based initiatives as well as combination of best practices from our Retail and Wholesale verticals.

We focus on accelerating growth in the Retail vertical by expanding our physical presence and collaborating with partners for cost-optimised distribution, all while leveraging the synergies of the One Axis ecosystem.

Process

As we grow in terms of scale and size, it is critical that we need to innovate our business processes. Thus, we are investing in best-in-class digital tools and automation initiatives, with a greater emphasis on system-to-system interaction rather than system-to-employee interaction. Our digital initiatives are focused on delivering better customer experience while also reducing costs.

Way forward

As we embark on yet another exciting year, our primary focus will be on quality-driven growth, and we will continue our endeavours to maintain best-in-class asset quality metrics in the industry.

I would like to thank all our stakeholders for their continued support. I am extremely proud to be working with our efficient and dedicated workforce, whose efforts have contributed to our success. Together, we shall focus on the execution of our strategy to emerge as the most respected financial institute in the industry, going forward.

Regards,

Bipin Saraf
Managing Director and CEO

Business model

Creating value for our stakeholders

Stakeholder relationships we depend on

Employees

We provide a positive work environment to our people and engage with them regularly.

Customers

We cater to a wide variety of customers including individuals, small, medium and large businesses, to meet their financial needs.

Business partners

We work with various direct and indirect distribution partners. We work with them closely, and wherever required, provide them insights to enhance their business efficiency.

Government and regulators

We follow good governance practices and are compliant with all regulations relevant to us.

Communities

We empower our communities by participating in social welfare programmes of the Axis Bank Foundation.

Value creation processes

Strategic priorities

- Scale up Emerging Markets business
- Further strengthening core Wholesale business
- Accelerating Retail business

Product design

- Customer insights led
- Seamless end-to-end customer journey
- Risk management leveraging data science

Product distribution

Physical network of branches, distribution partners and digital platforms

Operating landscape
Analysing macroeconomic environment and industry trends

Additional services
- Dedicated contact centres
- Delivery through digital platforms
- Superior services

Operations
- Robotic process automations(RPA)
- Multiple channels for customer service
- Pro-active remedial management

Investments
- Asset liability management
- Customer profiling
- IT platform integration

Outcomes

A nurturing work environment, upskilling of high-potential talent and providing career development opportunities.

Superior experience and wide range of need-based solutions.

Mutually beneficial, reliable, long-term partnerships for associates.

Timely compliance to regulations, transparent business practices and payment of taxes on time.

Partnering communities in their journey to prosperity

Operating landscape

Keeping close watch on the external environment

At Axis Finance, we track and analyse the macroeconomic landscape and specific trends that shape the NBFC sector. In response, we align our strategies to take advantage of the market opportunities while effectively managing the risks.

In the coming years, NBFCs will play an important role in the Indian financial ecosystem. Over the years, the sector has successfully navigated several challenges, focusing on improving asset quality, capital position, and collection efficiency, and is now well-positioned to capitalise on growth opportunities. The NBFC sector is expected to grow by 8-10% in FY 2022-23.

Digitalisation, tech-enabled business processes, and data analytics are gaining traction, which will benefit the sector in terms of asset quality improvement and growth. In addition, niche financial offerings are emerging trends in the NBFC sector that will drive future growth.

Credit demand from MSME

The MSME sector contributes significantly to the growth of the Indian economy. The MSME sector which was impacted by the COVID-19 pandemic, has not only returned to normalcy, but is thriving. The year 2022 has begun to yield excellent results, and the sector will grow further in the coming years.

The Union Budget 2022-23 has prioritised not only the revival but also the growth of the MSME industry. The government announced to roll out a ₹6,000-Crore programme for MSMEs over the next five years. Further the Production Linked Incentive Scheme (PLI) is a well-targeted scheme that would not only boost India's manufacturing and export capabilities but would also strengthen MSMEs' links with global value chains. These initiatives resulted an increase in credit demand from MSMEs, and private lending institutions who have expressed a strong interest in lending to small and medium enterprises.

Regulatory changes for NBFCs

The RBI introduced scale-based regulation to enhance regulatory oversight over the sector. To further strengthen the supervisory tools applicable to NBFCs, it issued a prompt corrective action framework for NBFCs effective October 2022.

Growing importance of technology

With a changing technology landscape, customers are expecting convenient and accessible channels with self-service functionality. Around 80% of customers are more likely to make a purchase when offered personalised experiences. Fast growth in data enabling and higher personalisation with adoption of emerging technologies including cloud, ML, RPA in the financial services industry

AFL's response

With a key focus on MSME lending, we have formed the Emerging Markets business vertical to cater to the specific needs of this growing segment. To harness the opportunities of PLI scheme, we will be designing customised loans for this segment.

Our customers are the focal point of our strategies, and we strive to provide tailor-made financial solutions through continuous engagement with customers and developing products based on emerging needs. We have strategically diversified our product portfolio to cater to a wide segment of customers.

In response to the rapidly changing technological landscape, we strive to leverage technology in every aspect of our business. We will continue to invest in our IT systems, solutions and processes to provide seamless experiences to our customers. From loan acquisition to loan repayment, our Information Technology system is critical.

Strategic priorities

Creating a roadmap for sustainable growth

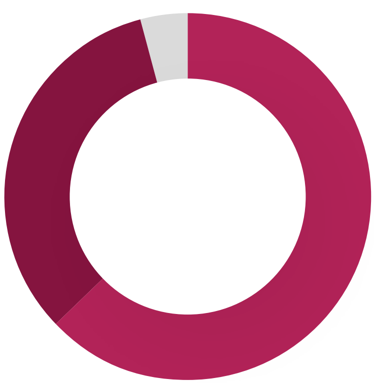
We have thoughtfully recalibrated our strategies and made well-informed decisions to drive long-term growth and ensure customer delight. On the strength of our customer-centric strategies, highly proactive team, and industry-leading technologies, we are confident in our ability to capitalise on emerging opportunities.

During the fiscal, we launched the Emerging Markets vertical to make our portfolio more stable and granular. Moreover, we made significant progress in expanding our retail book, which aided us in de-risking our business. Building on this progress, we will further increase granularity of our book year after year while strengthening our core book in wholesale segment.

Scale up Emerging Markets

Taking forward our initiatives in setting up the Emerging Markets business vertical last year, we are currently investing in building up an experienced team across 35+ cities, a robust process and technology platform to scale up this business over the next three years. We have devised a six-pillar growth strategy for Emerging Markets:

FY 2021-22 (% of AUM)



Wholesale	63
Retail	33
Emerging Markets	4

Six-pillar growth strategy

Superior customer service
- Focus on internal, external customers and vendors
- Tailor-made solutions
- End-to-end compelling offers

Eye on quality
- Robust risk policy
- Proactive portfolio monitoring

Leveraging technology
- End-to-end tech-enabled solutions
- Entire customer life cycle management

One Axis Synergies
- Long-term relationship
- Higher wallet share
- Complementary liability product from Axis Bank

Process efficiencies
- Flawless execution from login to disbursement
- Enhanced profitability with customer delight

Profitability
- Origination strategy designed to optimise CoA
- Hawkish eye on cost
- Product innovation and product mix

Strengthening core book
We will continue to leverage our strength in the Wholesale business to deliver strong growth momentum. Additionally, we will also look to further strengthen our distribution and syndication business to capitalise on our customer connect and placement capabilities.

Accelerating Retail book
We want to accelerate Retail AUM growth by expanding distribution and product coverage and leveraging One Axis capabilities. We will concentrate on developing an alternative distribution model to reduce the risk associated with traditional channels. One of our key focus areas for delivering growth and increasing productivity will be digital capabilities.

Digital transformation

Becoming smarter and agile

At Axis Finance, we have been constantly investing in technology to deliver a wholesome experience to customers, empower people through automated workflow and strong digital infrastructure, and driving efficiencies across all the functions of our enterprise.

Digital philosophy

Digital tenets

1. Digital front-end (From Loan originations till Loan repayment)
2. Optimize data analytics (Scorecard, Policy, Delegation, Productivity)
3. Enable branch lite model (Operate w/o physical branch presence)
4. Contribute to Net – zero (Make all micro processes paperless)

AXIS FINANCE

Key principles

1. Simplicity & agility to build scalable platform
2. Single source of truth
3. Speed of innovation & open architecture
4. Secure & trusted application framework

Digital for customers

Our objective is to provide personalised and contactless experience to our customers.

We undertook various initiatives to drive customer centricity and standardisation in experience through pre-filled agreement, digital welcome letter, online customer portal, alerts during loan journey, multiple payment options, and continuous engagement.

Digital for people

We are building a workplace that provides ease of work and automated workflows for our employees with digital functionalities throughout the employee lifecycle such as, seamless employee onboarding, HRMS mobile app, sales tool kit, LOS mobile app, data-driven insights to take informed decision etc.

Digital for channel partners

We want to collaborate with our partners and leverage technology to become a reliable partner. We are taking various initiatives in offering seamless services:

- E-invoice generation
- E-agreement led reduced TAT
- MIS on WhatsApp
- Channel partner portal


Loan Against
Widest Range of Properties
Loan up to
₹ 5 cr
Loan tenure
up to 20 years
Attractive
Rate of Interest
Seamless
Digital Process
Faster
Processing
APPLY NOW
AXIS FINANCE

Pillars of our digital transformation

Strong core system

System-based credit assessment: To automate processes and provide customised solutions across all products that allows integrated validations, system-based credit assessment, and disbursement of loans.

Commission and incentive modules: To compute the incentives for the channel partners DSAs based on the disbursements and also incentives for the front-line which ensures timely payment ensuring customer delight.

Central reporting system: To generate system generated statements and reports, which comprises Loan Outstanding and EMI presentations, among others, for all operational activities.

Collateral management system: To track collateral level exposure, revaluation, cross linking loans and release of collaterals with documents

Collections through web and mobile applications: To track all overdue accounts, assign cases to collection teams and agencies, track all follow-up activities on the case and record the actual monies collected, along with generating e-receipts.

Tools/systems for data-driven insights

Robotic process automation (RPA): Automating various operations processes in fee collection, CERSAI reporting and C-KYC submission, among others, that results in increased accuracy and efficiency across various processes.

Third-party API integration: Integration for OCR, KYC validations and employment checks built-in as part of the on-boarding journey; this enables us to perform credit checks from the source data itself.

These systems us to monitor and analyse raw customer data and transform them into intelligent business insight.

Simplifying work for employees

HRIS mobile application: We implemented the HRIS mobile application for our employees in order to improve their experience and lessen their need on intranet availability to access the HR system. It offers geo-tagging-based attendance marking capability and gives information such as personal data, team statistics, and attendance and departure with a single click. This has resulted in increased efficiencies and transparency.

ZOHO– Expense management: This medium enables the employees to upload all their documents and bills, which, in turn, results in quicker disbursements.

Loan eligibility self-assist tools: Our employees are provided with self-assist tools to compute EMI product-wise eligibility, debt consolidation and property-ready reckoners, which minimises the chances of human error and higher productivity.

Technology-led green initiatives

At AFL, we are actively investing in digital technologies to reduce our environmental footprint.

Leveraging digital for HR functions

We made various investments in digital technology for our human resource functions to secure the safety and wellbeing of our employees while also increasing their productivity.

Recognising high-performing employees: We have always fostered a culture of appreciation and positive reinforcement, which has catalysed the overall growth of our employees. Based on the Company's values of ownership, teamwork, and customer-centricity, we leveraged digital technologies to recognise and compensate high-performing employees.

Digital skill development (Gcube): We provide our staff with the necessary knowledge, insight, and context, as well as to familiarise them with the various systems in place and to promote a compliance culture through digital application. Gcube offers a variety of courses related to information security, goods, policies and processes, and induction, among other things.

Employee portal: Through our employee portal, employees can access the whole sales kit, performance dashboard, application status tracker, and critical document templates. This results in significant time saving and increases employee productivity.

Engaging with customers

AFL website: As part of seamless customer journey, we revamped our website completely, starting from design to adding features such as on-line applications, variety of self-assist tools, online tracking of applications and integrated payment options. We have also introduced dedicated customer services and WhatsApp communication pages.

Self-service customer portal: This provides the customers online access to loan details and provides them the platform to raise service requests.

WhatsApp communication: Within 48 hours, a welcome letter is shared with the customers and a loan agreement is shared within seven days. Coupled with this, the customers are regularly updated about any PLR or ROI changes. This is an industry-first initiative which is well appreciated by all customers.

Axis Finance is conciously working towards reducing its carbon footprint!

In FY 21-22, Axis Finance has saved ~11.50 lakh pages by

- Executing of e-Agreement - 70%
- KYC fetch from source through C-KYC - 60%
- E-NACH for mandate registration - 75%
- Digital / PDF Bank statement from customers - 93%
- E-invoice for channel partner - 100%

More is happening at Axis Finance on this front

- All Vendor invoices in Digital form
- E-Agreement in Wholesale & Emerging market.

Board of Directors

Mr. Amitabh Chaudhry
(Chairman)

Mr. Bipin Saraf
(MD & CEO)

Mr. Biju Pillai
(Deputy Managing Director)

Mr. Deepak Maheshwari
(Non-executive Director)

Mrs. Madhu Dubhasi
(Independent Director)

Mr. V. R. Kaundinya
(Independent Director)

Mr. Babu Rao
(Independent Director)

Mr. Pravin Rao
(Independent Director)


Personal Loan
for all your needs
Loan up to
₹50 lakhs
Loan tenure
up to 84 months
NIL foreclosure
charges*
NIL part-payment
charges*
Seamless
Digital Process
APPLY NOW
AXIS FINANCE

Board's Report

To,
The Members of
Axis Finance Limited

The Board of Directors of your Company are pleased to present the 27th Board's Report ('the Report') on the business, operations and state of affairs of the Company together with the audited financial statements of Axis Finance Limited ('the Company') for the financial year ended March 31, 2022.

Financial Performance of the Company

The highlights of the Financial Performance of the Company for the financial year ('FY') 2021-22 are as under:

(₹ in crores)

Particulars	FY 2021-22	FY 2020-21
Income from Operations	1,510.67	1,029.16
Other Income	-	-
Total Revenue	1,510.67	1,029.16
Total Expenditure	1,046.64	766.84
Profit/(Loss) before Taxation	464.03	262.33
Tax expenses / (Credit)	117.69	67.71
Profit/(Loss) after Taxation	346.34	194.62
Other comprehensive income	0.02	0.02
Total Comprehensive Income for the year	346.36	194.64
Balance brought forward from previous year	418.88	266.49
Profit available for appropriation		
Less: Appropriations		
- Final Equity Dividend	-	-
- Tax on Equity Dividends	-	-
- Previous Year Tax on Equity Dividends	-	-
- General Reserve	-	-
- Transfer to Statutory Reserve	69.30	42.23
Surplus carried to the Balance Sheet	**695.92**	**418.88**

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.

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 ₹1,510.67 crores and ₹346.34 crores as against ₹1,029.16 crores and ₹194.62 crores respectively, in the previous year. Your Company transferred an amount of ₹69.30 crores to Reserve Fund pursuant to Section 45-IC of the Reserve Bank of India Act, 1934. The Capital to Risk Asset Ratio (CRAR) as on March 31, 2022 stood at 19.18%.

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

Your Directors have recommended reinvesting the profits into the business of the Company in order to build a strong reserve base for the long-term growth of the Company. Your Company has formulated a Dividend Payout Policy, which is available on the website of the Company at https://www.axisfinance.in/policies-and-standards/dividend-distribution-policy as per the applicable regulations for bringing transparency in the matter of declaration of dividend and to protect the interest of investors. In line with the Company's dividend payout policy and applicable regulations, your Directors do not recommended any dividend for FY 2021-22.

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.

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 Report.

Change in Nature of Business, if any

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

Share Capital

During the financial year under review, the Company has allotted 5,62,62,500 equity shares of ₹10 each at par aggregating to ₹399,46,37,500 to Axis Bank Limited (Holding Company) on February 16, 2022 (shares were issued at premium of ₹61 each).

The paid up equity share capital of the Company is ₹538,51,25,000 as on March 31, 2022.

Directors and Key Managerial Personnel

The composition of the Board is in compliance with the applicable provisions of the Companies Act, 2013, ('the 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).

During the financial year under review, the following changes in the Directors and Key Managerial Personnel took place:

- **Change in Directors**

  1. In accordance with the provisions of the Companies Act, 2013 read along with the applicable Companies (Appointment and Qualification of Directors) Rules, 2014, the following was being considered:

     a) Mr. Biju Pillai, (DIN: 08604963) Whole-Time Director retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

     b) Re-appointment of Mr. Bipin (DIN: 06416744) Saraf as the Managing Director & CEO of the Company for a further period of three (3) years w.e.f. April 16, 2022 up to April 15, 2025 which shall be regularised at the ensuing Annual General Meeting of the Company to be held in FY 2022.

  2. Appointment of Mr. Babu Rao Busi (DIN: 00425793) as an Additional (Independent) Director of the Company was approved at the Board meeting for a tenor of five (5) years w.e.f. April 16, 2021 up to April 15, 2026 (both days inclusive) and his appointment was regularised by the members at its 26th Annual General Meeting held on July 20, 2021.

  3. Mr. K. N. Prithviraj (DIN: 00115317) retired as an Independent Director of the Company w.e.f. July 28, 2021. The Board places on record its appreciation for the contributions made by Mr. K. N. Prithviraj during his tenure as the Independent Director of the Company.

  4. Pursuant to the recommendation of the Nomination and Remuneration Committee, your Board has approved the appointment of Mr. U. B. Pravin Rao (DIN: 06782450) as an Additional (Independent) Director of the Company for a period of five (5) consecutive years w.e.f. April 14, 2022 up to April 13, 2027 (both days inclusive) and who holds office up to the ensuing Annual General Meeting to be held in FY 2022.

  5. Mr. Biju Pillai (DIN: 08604963) was appointed as a Whole–Time Director of the Company for a period of three (3) years w.e.f. November 07, 2019 up to November 06, 2022. Accordingly, your Board has recommended the re–appointment of Mr. Biju Pillai for the further period of three (3) years w.e.f. November 07, 2022 up to November 06, 2025 (both days inclusive). Further, Mr. Biju Pillai has been re–designated as Deputy Managing Director of the Company from the FY 2022–23.

- **Key Managerial Personnel**

  Pursuant to Section 203 of the Companies Act, 2013, following are the Key Managerial Personnels of the Company:

Sr. No	Name of the Personnel	Designation
1.	Mr. Bipin Saraf	Managing Director & Chief Executive Officer
2.	Mr. Biju Pillai	Whole Time Director
3.	Mr. Amith Iyer	Chief Financial Officer
4.	Mr. Rajneesh Kumar	Company Secretary & Compliance Officer

  During the financial year under review, there were no changes in the Key Managerial Personnel of the Company.

- **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" 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 at https://www.axisfinance.in/policies-and-standards/nomination-and-remmuneration-policy.

- **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 applicable provisions of the Act and / or under applicable regulations as mentioned in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

- **Board Performance Evaluation**

  Pursuant to provisions of the Act and the Listing Regulations, the Board has carried out an annual Performance Evaluation of its own

Board's report

performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and other Committees of the Board of Directors.

Your Company had appointed an independent external agency 'Potentia' to carry out the performance evaluation of the Board, its Committees and Directors for the FY 2022. Further, the evaluation of performance of Board of Directors is undertaken by the Nomination and Remuneration Committee of the Company.

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 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 Nomination and Remuneration Committee meeting for its consideration.

- **Meeting of Independent Directors**
  A separate meeting of the Independent Directors of your Company was held on March 22, 2022 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 of the Company.

Change in Shareholding

The Company continues to remain the wholly owned subsidiary of Axis Bank Limited. There is 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 / or under applicable regulations as mentioned in the Listing Regulations and hence, disclosure regarding the same is not applicable.

Human Resource

Your Company 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 our staff to meet evolving business environment.

With the expansion of retail finance activity and initiation of emerging corporate business your 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 and 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 980 employees on its payroll.

The Company has undertaken steps to ensure safety and well-being of employees during the COVID–19 pandemic through precautionary measure being implemented and ensuring enhanced health cover for employees.

Your Company is invested in the growth and development of its employees and focuses on relevant learning programs imparting product, technical and behavioral training to its employees. Employees are regularly rewarded and recognized for performance and demonstrating values behavior through the Rewards and Recognition programs. Your Company mentors the new joiners through a buddy program to ensure proper induction.

Compliance Monitoring and 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.

Finance and Credit Ratings

- **Finance**
  During the financial 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, Credit facilities from banks / financial institutions, etc. Details in this regard are stated and more particularly mentioned in the Audited Financial Statements.

- **Credit Rating**

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

Facility	CRISIL	INDIA RATINGS	Brickwork Ratings	Amount (₹ in crores)
Non-Convertible Debenture	CRISIL AAA/ STABLE	IND AAA/STABLE	NA	CRISIL - 6,957.80 INDIA RATING - 6,107.10
Principal protected Market linked Debentures	NA	IND AAA/STABLE	NA	500.00
Subordinated Debt	CRISIL AAA/ STABLE	IND AAA/STABLE	NA	CRISIL - 1,200.00 INDIA RATING - 1,200.00
Perpetual Debt	CRISIL AAA/ STABLE	NA	BWR AAA/STABLE	CRISIL - 300.00 BRICKWORK RATING - 300.00
Long Term Bank Loan	NA	IND AAA/STABLE	NA	10,000.00
Short Term Bank Loan	NA	IND A1+	NA	2,000.00
Commercial paper	CRISIL A1+	IND A1+	NA	CRISIL - 10,000.00 INDIA RATING - 10,000.00

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 financial 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 Act read with rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company as on March 31, 2022 shall be disclosed on the Company's website at https://www.axisfinance.in/investors-corner/disclosures.

Particulars of Contracts or Arrangements with Related Parties and Policy on Related Party Transactions

During the financial year under review, 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 statements. All the related party transactions as required under IND-AS 24 are reported in the Notes to the financial statements.

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 Act is given as **Annexure–I** to this Report.

During the financial year under review, 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/policies-and-standards/related-party-transaction-policy.

Particulars of Loans, Guarantees and Investments

During the financial 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 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 and ensures compliance with operating procedures, accounting procedures and 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.

Board's report

During the financial 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 Act 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 risks, such as credit, interest rate, market, liquidity and funding risks, and non-financial risks, such as operational including compliance and model risks, Infosec and cyber 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. The Company's risk appetite, both Financial and Non-Financial is articulated in a risk appetite statement which is reviewed at least quarterly by the Risk Management Committee ('RMC') of the Board.

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

Nomination and Remuneration Policy, Disclosure of Remuneration & Particulars of Employees

In terms of Section 178 of the Act your Company 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/policies-and-standards/nomination-and-remmuneration-policy.

In terms of Section 197 of the Act 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 confirms that the remuneration paid to the Directors is as per the Nomination and Remuneration Policy of the Company.

Corporate Social Responsibilty (CSR)

In accordance with the provisions of Section 135 of the Act and the Corporate Social Responsibility Policy, the Company has contributed ₹5,52,11,981 (Indian Rupees Five Crores Fifty-Two Lakhs Eleven Thousand Nine Hundred and Eighty-One 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–II** to this Report as mandated under the said Rules. The Policy adopted by the Company on CSR is placed on the website of the Company at https://www.axisfinance.in/policies-and-standards/policycsr.

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/policies-and-standards/whistleblowerpolicy.

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 financial 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 III** 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 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/investors-corner/corporate-governance.

- **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 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's strength is 8 (eight) Directors comprising of 2 (two) Executive Directors, 2 (two) Non-Executive Non-Independent Directors and 4 (four) Independent Directors.

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

Sr. No	Name of the Director(s)	Category
1.	Mr. Amitabh Chaudhry	Non-Executive Chairman
2.	Mr. Bipin Kumar Saraf	Managing Director & Chief Executive Officer
3.	Mr. Biju Pillai	Deputy Managing Director
4.	Mr. V.R. Kaundinya	Independent Director
5.	Mrs. Madhu Dubhashi	Independent Director
6.	Mr. Babu Rao Busi	Independent Director
7.	Mr. U. B. Pravin Rao*	Additional (Independent) Director
8.	Mr. Deepak Maheshwari	Non- Executive Director

* U. B. Pravin Rao was appointed as an Additional (Independent) Director of the Company w.e.f. April 14, 2022.

- **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 MD & CEO, at the Board Meetings keeps the Board apprised of the overall performance of the Company at such meetings. The Board also takes decisions by circular resolutions which are noted by the Board at the subsequent meeting.

During the financial year under review, the Company held 6 (six) meetings of the Board of Directors as per Section 173 of the Act. These were held on April 16, 2021, July 19, 2021, July 23, 2021, October 19, 2021, January 14, 2022 and March 21, 2022. The provisions of the Act, 2013 were adhered to while considering the time gap between any two meetings.

- **Committees of the Board**

In accordance with the applicable provisions of the Act, the circular(s), notification(s) and directions issued by the RBI 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 and Remuneration Committee, Committee of Directors, Corporate Social Responsibility Committee, Asset Liability Management Committee, Risk Management Committee, Grievance Redressal Committee (changed to Stakeholder's Relationship 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 and Remuneration Committee. The term of reference of Committee of Directors is as per the Charter duly approved by the Board. The 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 oversees 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 the Committees of the Board. 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.

Below are the brief details about the composition and number of meetings held during the financial year:

Board's report

1) Audit Committee

The members of the Committee possess strong accounting and financial management knowledge. The Committee meets the composition requirement pursuant to the provisions of section 177 of the Act.

During the period under review, the composition of the Audit Committee is as under:

Sr. No	Name of the Members	Designation
1.	Mrs. Madhu Dubhashi	: Chairperson (Independent Director)
2.	Mr. V. R. Kaundinya	: Member (Independent Director)
3.	Mr. Babu Rao Busi	: Member (Independent Director)
4.	Mr. Deepak Maheshwari	: Member (Non-Executive Director)
5.	Mr. U. B. Pravin Rao*	: Member (Independent Director)

* Inducted as member of Audit Committee w.e.f. April 14, 2022.

During the period under review, 9 (nine) meetings were held. These were held on April 16, 2021, May 7, 2021, July 19, 2021, July 23, 2021, August 4, 2021, October 19, 2021, October 28, 2021, January 14, 2022 and February 01, 2022.

2) Nomination and Remuneration Committee

The Nomination and Remuneration Committee is formed in compliance with the provisions of Section 178.

During the period under review, the composition of the Nomination and Remuneration Committee is as under:

Sr. No	Name of the Members	Designation
1.	Mr. V. R. Kaundinya	: Chairperson (Independent Director)
2.	Mrs. Madhu Dubhashi	: Member (Independent Director)
3.	Mr. Deepak Maheshwari	: Member (Non-Executive Director)
4.	Mr. U. B. Pravin Rao*	: Member (Independent Director)

* Inducted as member of Nomination and Remuneration Committee w.e.f. April 14, 2022.

During the period under review, 4 (four) meetings were held. These were held on April 16, 2021, July 09, 2021, October 18, 2021 and January 14, 2022.

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.

During the financial year under review, the composition of the Risk Management Committee is as under:

Sr. No	Name of the Members	Designation
1.	Mr. Babu Rao Busi	: Chairperson (Independent Director)
2.	Mrs. Madhu Dubhashi	: Member (Independent Director)
3.	Mr. Deepak Maheshwari	: Member (Non-Executive Director)
4.	Mr. Bipin Kumar Saraf	: Member (Managing Director & CEO)

During the period under review, 5 (five) meetings were held. These were held on April 16, 2021, June 25, 2021, July 19, 2021, October 18, 2021 and January 15, 2022.

4) Committee of Directors

The 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.

During the financial year under review, the composition of the Committee of Directors is as under:

Sr. No	Name of the Members	Designation
1.	Mr. Deepak Maheshwari	: Chairperson (Non-Executive Director)
2.	Mr. Bipin Kumar Saraf	: Member (Managing Director and CEO)
3.	Mr. Babu Rao Busi	: Member (Independent Director)

During the financial year under review, 12 (Twelve) meetings were held. These were held on April 16, 2021, May 4, 2021, June 8, 2021, July 9, 2021, July 23, 2021, September 16, 2021, October 19, 2021, November 22, 2021, December 21, 2021, January 11, 2022, February 4, 2022 and March 3, 2022.

5) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee is formed in compliance with the provisions of Section 135 of the Act.

During the period under review, the composition of the Corporate Social Responsibility committee is as under:

Sr. No	Name of the Members	Designation
1.	Mr. Deepak Maheshwari	: Chairperson (Non-Executive Director)
2.	Mrs. Madhu Dubhashi	: Member (Independent Director)
3.	Mr. Babu Rao Busi	: Member (Independent Director)
4.	Mr. V.R. Kaundinya*	: Member (Independent Director)

* Inducted as member of the Corporate Social Responsibility Committee w.e.f. April 14, 2022.

During the period under review, 2 (two) meetings were held. These were held on July 9, 2021 and October 18, 2021.

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'.

During the period under review, the composition of the IT Strategy Committee is as under:

Sr. No	Name of the Members	Designation
1.	Mr. V.R. Kaundinya	: Chairperson (Independent Director)
2.	Mr. Bipin Kumar Saraf	: Member (Managing Director and CEO)
3.	Mr. Kishore Babu Manda	: Member (Chief Risk Officer)
4.	Mr. Biju Pillai	: Member (Deputy Managing Director)
5.	Mr. Ajay Shah	: Member (Chief Technology Officer)
6.	Mr. U. B. Pravin Rao*	: Member (Independent Director)

* Inducted as member of the IT Strategy Committee w.e.f. April 14, 2022.

During the period under review, 3 (three) meetings were held. These were held on July 9, 2021, October 18, 2021 and January 15, 2022.

7) Asset Liability Management Committee

As per the RBI Guidelines on Asset Liability Management ('ALM'), the ALM 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.

During the financial year under review, the composition of the Asset Liability Management Committee is as under:

Sr. No	Name of the Members	Designation
1.	Mr. Bipin Kumar Saraf	: Chairperson, (Managing Director and CEO)
2.	Mr. Biju Pillai	: Member (Deputy Managing Director)
3.	Mr. Kishore Babu Manda	: Member (Chief Risk Officer)
4.	Mr. Amith Iyer	: Member (Chief Financial Officer)
5.	Mr. Vishal Sharan	: Member (Head - Wholesale and Emerging business

During the financial year under review 12 (Twelve) meetings were held. These were held on April 12, 2022, May 12, 2022, June 09, 2022, July 14, 2021, August 11, 2021, September 16, 2021, October 14, 2021, November 16, 2021, December 16, 2021, January 14, 2022, February 14, 2022 and March 15, 2022.

8) Stakeholders Relationship Committee (Grievance Redressal Committee)

The Stakeholders Relationship Committee (name changed from Grievance Redressal Committee) specifically look into the mechanism of redressal of grievances of shareholders, debentures holders and other security holders.

During the financial year under review, the composition of the Stakeholders Relationship Committee is as under:

Sr. No	Name of the Members	Designation
1.	Mr. V.R. Kaundinya	: Chairperson, (Independent Director)
2.	Mr. Bipin Kumar Saraf	: Member (Managing Director & CEO)
3.	Mr. Biju Pillai	: Member (Deputy Managing Director)
4.	Mr. U. B. Pravin Rao*	: Member (Independent Director)

*Inducted as member of the Stakeholders Relationship Committee (Grievance Redressal Committee) w.e.f. April 14, 2022.

During the period under review 3 (three) meetings were held. These were held on July 9, 2021, October 19, 2021 and January 15, 2022.

9) Internal Complaints Committee

In terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, ('the Sexual Harassment Act'), the Board had 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 financial year under review, there is no complaint of any sexual harassment.

During the financial year under review, the composition of the Internal Complaints Committee is as under:

Sr. No	Name of the Members	Designation
1.	Ms. Deepti Dayal	: Presiding Officer
2.	Ms. Prerna Tiwari	: Member
3.	Ms. Radhika Gordhandas	: Member
4.	Mr. Rajneesh Kumar	: Member
5.	Mr. Pradeep Kumar	: Member
6.	Ms. Sneha Khandekar	: External Member

During the financial year under review, 2 (two) meetings were held. These were held on November 22, 2021 and March 30, 2022.

Board's report

10) Annual General Meeting

The Annual General Meeting of the Company for FY 2021–22 was held on July 20, 2021. It was attended by the Chairperson of Audit Committee, and by the Chairperson of the Board as required under the Act.

Meetings Attended by the Directors of the Company

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. Babu Rao Busi	Mr. Deepak Maheshwari	Mr. Biju Pillai
Board Meeting	6	6	6	6	6	3	5	6	6
Audit Committee	9	-	-	9	9	4	6	9	-
Nomination and Remuneration Committee	4	-	-	4	4	-	-	4	-
Risk Management Committee	5	-	5	5	-	3	2	5	5
Committee of Directors	12	-	12	-	-	5	9	12	-
CSR Committee	2	-	-	2	-	-	-	1	2
IT Strategy Committee	3	-	3	-	3	-	-	-	3
Grievance Redressal Committee	3	-	3	-	3	-	-	-	3
Annual General Meeting	1	1	1	1	-	-	-	-	1

* Retired as an Independent Director w.e.f. July 28, 2021.

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 Axis Bank Limited (Holding Company) still continues to report under the IGAAP Accounting standard, your Company in addition prepares 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.

Auditors

I. Statutory Auditors

In accordance with the provisions of Section 139 of the Act 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 5 (five) years to hold office from the conclusion of 23rd Annual General Meeting till the conclusion of the 28th Annual General Meeting to be held in the calendar year 2023.

During the financial year under review, S.R. Batliboi & Co. LLP, Chartered Accountants had placed their resignation pursuant to the RBI circular RBI/2021-22/25 Ref No. DOS.CO.ARG/SEC.01/08.91.001/ 2021-22. dated April 27, 2021 read with Policy on Appointment of Statutory Auditors (SA) adopted by the Company. In view of the same, the Board had approved the appointment of M/s. Singhi & Co., Chartered Accountants as the Statutory Auditors of the Company at its meeting held on October 19, 2021 for the FY 2021–22 and their appointment would be valid till ensuing Annual General Meeting of the Company scheduled to be held in 2022 and at a remuneration as the Board may think fit.

During the financial year under review, the statutory auditors did not report any incident of fraud to the Audit Committee. Further, the statutory auditors have not made any reservation or qualification in their Audit Report.

II. Appointment of Joint Statutory Auditors

Pursuant to the guidelines issued by the Reserve Bank of India ('RBI') vide its reference no. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, the Company with an asset size of ₹15,000 crores and above as at the end of previous year, the statutory audit should be conducted under joint audit of a minimum of two (02) audit firms [Partnership firms/Limited Liability Partnerships (LLPs)]. As your Company had crossed the said threshold as on FY 2021–22, the Company have appointed M/s B. K. Khare & Co., Chartered Accountants, (Firm Registration No. 105102W) and their appointment would be valid till ensuing Annual General Meeting of the Company scheduled to be held in 2022 and at a remuneration as the Board may think fit.

III. Internal Auditors

In terms of provisions of Section 138 of the Act and other applicable laws, M/s Protiviti India Member Private Limited were the Internal Auditors of the Company for the FY 2021–22. The Internal Audit reports are reviewed by the Audit Committee on periodical basis.

IV. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s BNP & Associates, Practicing Company Secretaries to conduct the secretarial audit for the financial year ended March 31, 2022. The Secretarial Audit report for the FY 2021-22 is provided as **Annexure-IV** 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 a timely basis.

Material Changes, if any, Post financial year ended March 31, 2022

During the year under review there were no material change post the closure of financial year.

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 Act:

(a) that in the preparation of the annual financial statements for the year ended March 31, 2022, 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;

(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

Your Company 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 of your Company 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

sd/-
Amitabh Chaudhry
Chairman
DIN: 00531120

Place: Mumbai
Date: April 14, 2022

Annexure – I

Form AOC - 2

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

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

I) Details of contracts or arrangements or transactions not at arm's length basis

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

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

a) Name(s) of the related party and nature of relationship	:	Axis Bank Limited
b) Nature of contracts / arrangements / transactions		1. Rent Paid
		2. Bank Charges
		3. Treps Charges
		4. Current Account Balance
		5. Fixed Deposit Accounts
		6. LOC Account Balance
		7. Capital Infusion
		8. OPE Reimbursement
		9. Demat A/c Charges
		10. NACH Charges
		11. IPA Commission Charges Paid
		12. Service Charges Other (IT Service Fees)
		13. NCD Issue Exps (Arrangership Fees)
		14. Interest Paid on WCDL & OD
		15. Axis Bank WCDL & OD
		16. Interest on Fixed Deposits
		17. Consideration received from ABL(Loan account sell down)
		18. Processing Fees received
		19. Non - Convertible Debentures
		20. Royalty Charges
		21. Interest Paid on NCD
		22. Other Reimbursment - (Group Term Life Premium)
		23. ESOP Cost
		24. Future Service Gratuity Premium
c) Duration of the contracts / arrangements / transactions	:	Continuous
d) Salient terms of the contracts or arrangements or transactions including the value, if any	:	Refer Financial statements
e) Date(s) of approval by the Board, if any	:	Transaction at arm's length and in ordinary course of business
f) Amount paid as advances, if any	:	NIL

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

a) Name(s) of the related party and nature of relationship	:	Axis Securities Ltd.
b) Nature of contracts / arrangements / transactions	:	1. Demat Charges 2. Brokerage Paid
c) Duration of the contracts / arrangements / transactions	:	Continuous
d) Salient terms of the contracts or arrangements or transactions including the value, if any	:	Refer Financial statements
e) Date(s) of approval by the Board, if any	:	Transaction at arm's length and in ordinary course of business
f) Amount paid as advances, if any	:	NIL

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

a) Name(s) of the related party and nature of relationship	:	Axis Trustee Services Ltd.
b) Nature of contracts / arrangements / transactions	:	1. Professional fees 2. Cersai Charges
c) Duration of the contracts / arrangements / transactions	:	Continuous
d) Salient terms of the contracts or arrangements or transactions including the value, if any	:	Refer Financial statements
e) Date(s) of approval by the Board, if any	:	Transaction at arm's length and in ordinary course of business
f) Amount paid as advances, if any	:	NIL

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

a) Name(s) of the related party and nature of relationship	:	Free Charge Payments Technologies Pvt. Ltd.
b) Nature of contracts / arrangements / transactions	:	Subscription Expense
c) Duration of the contracts / arrangements / transactions	:	Continuous
d) Salient terms of the contracts or arrangements or transactions including the value, if any	:	Refer Financial statements
e) Date(s) of approval by the Board, if any	:	Transaction at arm's length and in ordinary course of business
f) Amount paid as advances, if any	:	NIL

For and on behalf of Board of Directors

sd/-
Amitabh Chaudhry
Chairman
DIN: 00531120

Place: Mumbai
Date: April 14, 2022

Annexure – II

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

The Corporate Social Responsibility ('CSR') philosophy of Axis Finance Limited ('Company') is to make meaningful and measurable contributions in the lives of socially, economically, financially and physically excluded, disadvantaged and challenged communities of the country through an integrated approach of development that focuses on creating opportunities for enhancing livelihood opportunities, improving quality of education and skills development, creating awareness amongst public at large on topics of financial literacy, health and hygiene and facilitating or providing access to formal banking channels for un-banked sections of the society (financial inclusion), promoting environmental sustainability, and supporting health and sanitation initiatives which may be implemented either directly by the Company or through Axis Bank Foundation (ABF) or other implementation partners, as set out in the Annual Action Plan (AAP).

2. Composition of the CSR Committee:

Sr. No	Name of the Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Deepak Maheshwari	Chairman (Non-Executive Director)	2	2
2.	Mrs. Madhu Dubhashi	Member (Independent Director)	2	2
3.	Mr. Biju Pillai	Member (Deputy Managing Director)	2	2

3. Provide the web-link where composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company: https://www.axisfinance.in/policies-and-standards/policycsr.

4. Provide the details of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Nil

6. Average net profit of the Company as per section 135(5): ₹276,05,99,057/-

7. (a) Two percent of average net profit of the Company as per section 135(5): ₹5,52,11,981/-

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a + 7b - 7c): ₹5,52,11,981/-

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the financial year (in ₹)	Amount Unspent (in ₹)	
	Total Amount transferred to Unspent CSR Account as per section 135(6)	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)
5,52,11,982	Nil	Nil

(b) Details of CSR amount spent against ongoing projects for the financial year:

1.	2.	3.	4.	5.		6.	7.	8.	9.	10.	11.	
Sr. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to Unspent CSR Account for the project as per section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
1.	Sustainable Livelihood	Enhancing vocation skills, livelihood enhancement projects	No	Madhya Pradesh	Dewas	April 2021 – March 2022	2,79,51,634	2,79,51,634	Nil	No	Axis Bank Foundation	CSR00002350
					West Nimar	April 2021 – March 2022	1,19,05,326	1,19,05,326	Nil	No	Axis Bank Foundation	CSR00002350
2.	Sustainable Livelihood	Enhancing vocation skills, livelihood enhancement projects	No	Maharashtra	Amravati	April 2021 – March 2022	1,19,05,325	1,19,05,325	Nil	No	Axis Bank Foundation	CSR00002350
			No	Maharashtra	Mumbai		34,49,697	34,49,697	Nil	No	Axis Bank Foundation	CSR00002350

(c) Details of CSR amount spent against other than ongoing projects for the financial year: Nil

1.	2.	3.	4.	5.		6.	7.	8.	9.	
Sr. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Project duration	Amount spent for the project (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District				Name	CSR Registration Number
						Nil				

d) **Amount spent in Administrative Overheads:** Nil

(e) **Amount spent on Impact Assessment, if applicable:** Nil

(f) **Total amount spent for the financial year (8b + 8c + 8d + 8e):** ₹5,52,11,982/-

(g) **Excess amount for set off, if any:** Nil

9. (a) **Details of Unspent CSR amount for the preceding three financial years:** Nil

(b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):** Not Applicable

Sr. No	Project ID	Name of the Project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting financial year (in ₹)	Cumulative amount spent at the end of reporting financial year. (in ₹)	Status of the project Completed /Ongoing
					Nil			

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): Not Applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

sd/
Bipin Saraf
Managing Director & CEO

sd/
Deepak Maheshwari
Chairman of CSR Committee

Annexure – III

Management Discussion and Analysis

Macroeconomic overview

Global economy

The famous opening lines from Charles Dickens' seminal novel 'A Tale of Two Cities' aptly summarises the global economic performance in FY 2020-21 – "It was the best of times, it was the worst of times".

Despite suffering from the headwinds of the pandemic in early FY 2020-21, the global economy experienced a strong rebound in the latter half of the year. This was fuelled by increasing economic activities, owing to widespread vaccination, robust demand recovery due to massive stimulus packages and favourable fiscal and monetary policies by governments and central banks, respectively. Among all major economies, the US provided stimulus packages amounting to ~$5 Trillion throughout 2020 and 2021, which is around 21% of 2021 GDP. This helped stabilise markets and allowed companies to raise large capitals. Japan also passed a total fiscal stimulus of $2.71 Trillion, amounting in total of about 53.69% of its gross domestic product (GDP) of 2021,[1] to support businesses and stimulate the economy. EU and other major economies also contributed significant fiscal stimulus packages to soften the impact of the COVID-19. In terms of vaccination, various countries achieved significant numbers of doses per hundred people, ranging from 183 in China, 176 in the UK, 149 in the US, 93 in India, and 44 in South Africa, successfully insulating the population from the effects of the delta and omicron variants. Additionally, global trade value reached a record high of $28.5 Trillion in 2021[2], up by 25% from 2020. All these factors contributed to a global GDP growth of 6.1% in 2021[3], compared to the decline of 3.3% in 2020.

While the global economy was still recovering from the multiple waves of the pandemic, the Russia-Ukraine war dampened the growth, resulting in supply chain disruptions and skyrocketing oil, food and gas prices. The annual rate of inflation, as measured by the consumer price index (CPI), surged to 9.2% in March 2022, more than double the rate of 3.7% in March 2021[4]. The conflict sent shock waves through the commodity market, affecting global trade, production and consumption patterns, with the possibility of prices remaining high in the coming years. Consequently, central banks are tightening monetary policies to combat the rising inflation. Apart from the war, China's frequent and widespread lockdowns, particularly in key manufacturing hubs, have slowed down activity and may further exacerbate supply chain disruptions.

Outlook

Global GDP growth trend (%)

		Projections	
	2021	2022	2023
World Output	6.1	3.6	3.6
Advanced Economies	5.2	3.3	2.4
Emerging Markets and Developing Economies	6.8	3.8	4.4

[Source: IMF WEO April 2022]

Due to the uncertainties caused by geopolitical tension, soaring inflation and supply chain bottlenecks, the IMF revised down its global GDP forecast by 0.8 and 0.2 percentage points to 3.6% for 2022 and 2023. Apart from adopting multilateral measures to tackle the humanitarian crisis, central banks and governments need to cautiously deploy effective policies to combat the inflation and rising debt levels, to avoid further economic fragmentation.

Source: IMF World Economic Outlook, April 2022

Indian economy

India became the world's fastest growing major economy in FY 2021-22, as per the growth forecast by IMF. The government's massive stimulus package, timely policy interventions, a large-scale and fast-paced vaccination drive, increased capital expenditure, unprecedented tax revenue and GST collections, record-high foodgrain production and RBI's conducive monetary policies, were the key contributing factors to this growth.

During FY 2021-22, India's gross tax revenue reached a new high of ₹27.07 Trillion, up by 34% from FY 2020-21. Direct tax collection increased by almost 49%, while indirect tax collection increased by 20%. The tax-to-GDP ratio increased to 11.7% in FY 2021-22 from 10.3% in FY 2020-21, a two-decade high showcasing the country's move towards a sustainable economic growth. GST income reached an all-time high of ₹1.42 Trillion in March, 2022, 15% higher than the revenues in the same period last year. Due to technological advancements, GST data are now linked to income tax figures, ensuring compliance and increasing direct and indirect tax collections.

Foodgrain production also reached a new high of 316.06 MT in FY 2021-22, with both kharif and rabi output exceeding final estimates for FY 2021-22, as well as targets set for FY 2021-22[5] .

India carried out the world's largest vaccination drive, providing 792 Million second doses to people over the age of 18, as of March 29, 2022, accounting for 85% of the adult population. The aforesaid factors enabled India to witness a strong rebound, with 8.9% GDP growth in FY 2021-22[6], compared to a steep decline of 7.3% in FY 2020-21.

India achieved a historic milestone, with exports exceeding $400 Billion in FY 2021-22, a 43% increase over $291 Billion in FY 2020-21. The impact of the Russia-Ukraine conflict on India will be limited, as the country's merchandise exports to Russia and Ukraine account for only 0.8% and 0.1% of total exports, respectively, while import proportions are 1.5% and 0.5%.

But the conflict has led to a steep rise in the prices of oil, gas and other commodities, making inflation an issue of significant concern. In the last six months, India's CPI averaged ~6%, while the WPI averaged over 13%.

[1] *Statista - Stimulus Package of G20 countries*
[2] *UNCTAD's Global Trade Update*
[3] *IMF WEO April 2022*
[4] *ILO Stat*
[5] *PIB - Ministry of Agriculture and Welfare*
[6] *IMF WEO April 2022*

Management Discussion and Analysis

Outlook[7]

The Indian economy is in a great position to generate 8.2% growth in FY 2022-23, driven by the government's focus on capital expenditure and exports, the long-term effects of supply-side reforms in the pipeline, and a strong financial sector. Rising inflation is likely to lead to monetary policy tightening and an increase in general interest rates. According to the IMF, India's growth prospect looks bright, owing to improvements in credit growth, investments and consumption. As per predictions, India will continue to be the world's fastest growing major economy between 2022 and 2024.

Sector-specific policies like the Production Linked Incentive (PLI) scheme to boost domestic manufacturing across 15 sectors, a credit guarantee programme for SMEs, and greater infrastructure spending, will help foster long-term economic growth. This will be further bolstered by the adoption of China Plus One strategy, that will strengthen the MSME sector, by transferring production out of China to reduce our dependence.

Additionally, a normal southwest monsoon forecast has enhanced the prospects of kharif production, fourth year in a row, improving rural income. Among the mid- and upper-income segments, increased normalisation after the third wave is expected to result in a consumption shift towards contact-intensive services, that were avoided during the pandemic. ICRA predicts capacity utilisation to gradually increase to 74-75% in Q3 FY 2022-23 from 71-72% in Q4 FY 2021-22.

In Budget FY 2022-23, the government announced a larger capex outlay[8]; up by 35.4% from ₹5.54 Lakh Crore in FY 2021-22 to ₹7.5 Lakh Crore in FY 2022-23, which is expected to have a multiplier effect in reviving the economy. With all these macro-economic stability indicators, India is well-poised to take on the challenges and sustain a strong growth in the year ahead[9].

Industry overview

Non-banking financial companies (NBFCs) in India demonstrated high resilience in FY 2021-22, despite the pandemic-induced challenges. The private sector NBFCs witnessed an estimated growth of 6-8% in terms of their total assets under management (AUM). Key factors propelling the growth are better liquidity, improved capital positions and higher provisions, supported by a strong economic recovery.

Wholesale finance, which was an essential growth driver for the sector in the past, has been declining recently, owing to funding and asset quality challenges. Significant players have scaled back their operations and shifted their focus to portfolio granularisation, while some players are looking to fill the gaps in this segment. The wholesale credit of NBFCs, which declined in FY 2019-20 and FY 2020-21, is estimated to contract further by ~5% in FY 2021-22, and is expected to consolidate and stabilise in FY 2022-23.

NBFC-retail credit and HFC credit are estimated to grow at 5-7% and 8-10% respectively, in FY 2021-22, while the growth would improve to 8-10% and 9-11% respectively, in FY 2022-23. Personal credit, microfinance and gold loans would propel NBFC-retail growth, while other traditional asset segments i.e. vehicle finance, is still facing supply constraints. The housing loan (HL) book and secured lending (LAP) are expected to aid HFC growth.

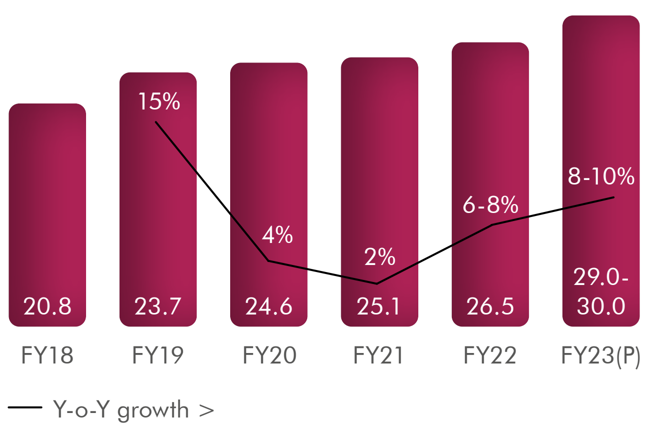
Source: ICRA

Outlook

NBFCs will play an important role in the Indian financial ecosystem in the coming years. The sector has sailed through several challenges over the years, focusing on improving asset quality, capital position and collection efficiency, and is now well-positioned to capitalise on the growth opportunities.

The NBFC sector's AUM is expected to grow by 8-10% in FY 2022-23. The strong economic recovery with increased demand for credit will be a key driver of growth. Digitalisation, tech-enabled business processes and the use of data analytics are gaining traction, benefitting the sector in terms of asset quality improvement, as well as growth. Furthermore, niche financial offerings are emerging trends in the NBFC sector that is bound to drive growth.

AUM growth for NBFCs (₹ in Lakh Crore)



Source: NBFCs on revival path post pandemic blow by CRISIL

Regulatory changes in NBFC sector

Scale Based Regulation (SBR) framework

Reserve Bank of India (RBI) introduced a new scale-based regulatory framework for NBFCs, effective from October 1, 2022. Based on their size, activity and perceived risk, the regulatory framework will be divided into four layers. The lowest layer will be the base layer (NBFC-BL),

[7] IMF WEO April 2022
[8] Ministry of Finance - PIB
[9] Budget 2022-23 Highlights

followed by the middle layer (NBFC-ML), upper layer (NBFC-UL) and top layer (NBFC-TL).

The base layer shall include non-deposit taking NBFCs, with asset size less than ₹1000 Crore, along with finance firms working as P2P lending platforms, account aggregators, non-operating financial holding company and finance companies without public funds or customer interface. The middle layer shall include all deposit taking NBFCs, irrespective of asset size, non-deposit taking NBFCs with an asset size of ₹1000 Crore or more, as well as housing finance companies, infrastructure finance companies, standalone primary dealers, infrastructure debt fund investment companies and core investment companies. The upper layer shall comprise of NBFCs that warrant enhanced regulatory requirements based on a set of characteristics and scoring system. Regardless of other factors, the top-10 eligible NBFCs in terms of asset size will always be in the upper layer. The top layer is supposed to be empty and it might get populated if the RBI perceives that specific upper layer NBFCs are posing a significant increase in potential systemic risk.

Source: RBI : Scale Based Regulation for NBFCs

Prompt Corrective Action (PCA) framework

With the growing size of NBFCs and its interconnectedness with other segments of the financial system, RBI announced to put a Prompt Corrective Action for larger NBFCs, effective from October 1, 2022. The PCA framework will be applicable to all deposit taking NBFCs (excluding government companies) and non-deposit taking NBFCs in the middle, upper and top layers (excluding NBFCs not accepting/not intending to accept public funds, government companies, primary dealers and housing finance companies).

Capital and asset quality would be the major areas for monitoring within the PCA Framework for NBFCs-D and NBFCs-ND, by tracking their CRAR, Tier I Capital Ratio, and NNPA. However, the key monitoring areas for Core Investment Companies (CICs) would be capital, leverage and asset quality, by tracking their adjusted net worth or aggregate risk weighted assets, leverage ratio and NNPA.

Source: RBI: Prompt Corrective Action framework for NBFCs

Prudential norms on IRACP

The RBI issued clarifications with respect to prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP):

- Exact due dates for repayment of a loan, repayment frequency, breakup between principal and interest, examples of special mention account (SMA)/non-performing asset (NPA) classification dates, and other details must be mentioned in the loan agreement
- If the outstanding amount on a cash credit/overdraft (CC/OD) account is continuously higher than the sanctioned limit/drawing power for 90 days, or the credits are either nil or lower than the interest debited during the preceding period, the account is classified as NPA
- NPA accounts will only be upgraded to a 'standard' asset only if all interest and principal overdue are paid
- If interest payments on term loans are overdue for more than 90 days, the account will be classified as NPA
- As part of the day-end process, classify borrowers as SMA/NPA for the relevant day, with the SMA/NPA classification date being the calendar date for which the day-end process is conducted

Loans other than revolving facilities		Loans in the nature of revolving facilities like cash credit/overdraft	
SMA sub-categories	Basis for classification – Principal or interest payment or any other amount wholly or partly overdue	SMA sub-categories	Basis for classification – Outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for a period of:
SMA-0	Up to 30 days		
SMA-1	More than 30 days and up to 60 days	SMA-1	More than 30 days and up to 60 days
SMA-2	More than 60 days and up to 90 days	SMA-2	More than 60 days and up to 90 days

Source: RBI Prudential norms on IRACP

Impact of regulatory changes (Prudential norms IRACP) on AFL is Nil, considering we had proactively implemented the proposed norms followed by scheduled commercial banks.

Business overview

Axis Finance Limited (AFL) is a non-deposit taking Non-Banking Financial Company (NBFC), offering customised financial solutions in wholesale, retail and emerging market segments. The Company has a strong foundation with a tech-enabled scalable business model and a customer-centric product portfolio powered by the One Axis ecosystem.

Business segments

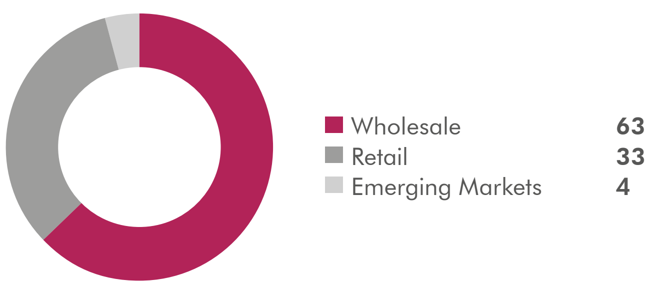
Till FY 2020-21, the Company had two verticals – Wholesale and Retail. In line with our objective of granular growth, we launched Emerging Markets vertical in FY 2021-22, focusing on smaller ticket loans, specifically targeted to MSMEs, especially in non-metro markets. This addition has further strengthened the stability and granularity of our Overall Book.

Management Discussion and Analysis

Wholesale segment	Retail segment	Emerging Markets segment
• Corporate loans • Collateralised loans (secured loans against variety of asset classes with an identified cash-flow – LRDs, School and Hospital Funding, etc.) • Real estate loans (predominantly backed by ready inventory)	Wide range of solutions to salaried/ self-employed professionals and MSMEs catering to personal and business requirements. • Loan against property • Loans for purchase of commercial property • Business loans • Personal loans • Housing loans • School fee finance	• Bespoke solutions (secured smaller ticket loans meeting the growth capital requirements of MSMEs/emerging corporates) • Lease Rental Discounting (LRD) and Loan Against Property (LAP)

Asset mix FY 2021-22

(% of overall AUM)



Our response to the macro environment and industry trends

Catering to sectors under the PLI scheme

We have prioritised delivering tailor-made lending solutions to the 15 sectors under the PLI scheme. This will help us grow our quality portfolio under Retail and Emerging Markets segments.

Taking advantage of the surge in GST collections

We benefitted from India's highest GST collections during FY 2021-22, as we launched customised products based on GST records and banking transactions for our MSME borrowers. Going forward, we see this as a great opportunity for us, as borrowers appreciated faster credit dispensation with minimal documentation (GST/Banking vis-à-vis industry's financial statement-based analysis without diluting the credit interest).

Leveraging the potential of housing market

As housing demands increase, we are well-positioned to cater housing loans to help grow our retail book. The housing affordability ratio, measured as the mortgage payment to income ratio, has declined from 53% In FY 2011-12 to 27% in FY 2020-21 and 28% in FY 2021-22. Residential property sales in the top seven cities rose by 16% Y-o-Y in the first three months of 2022, with residential inventory levels declining to a nine-year low of 24 months for the top seven cities.

Tapping the burgeoning consumer credit

With waning impact of the pandemic, we see a huge uptick in contact intensive services, providing us ample opportunities to grow our personal loan products. We will continue to focus on well-defined end-use products such as travel, hospitality, marriage, education, etc. via active tie-ups with leading service providers in the identified segments.

Accelerating digital adoption

With rapidly changing technology landscape, we implemented various digitisation and automation initiatives such as loan management system (LMS), loan origination system (LOS), data analytics and monitoring tools. These initiatives enabled us to automate and optimise our business processes and reduce turnaround time (TAT).

Increased coverage in SURU (semi-urban and rural) locations

Forecast of a normal southwest monsoon has ensured a prosperous kharif production for the fourth consecutive year, brightening prospects for the rural economy. We plan to increase our distribution coverage from current 200+ locations to 450+ locations, primarily in the semi-urban and rural locations in FY 2022-23, to leverage the surge in rural income and allied business opportunities.

Segment-wise review

Wholesale

Despite the onslaught of the second wave of COVID-19 in the beginning of the year, the core disbursements of the Wholesale vertical registered a growth of 30% on a Y-o-Y basis and the book grew by 16% to ₹10,717 Crore, up from ₹9,209 Crore. The Wholesale Book continues to remain diversified with an exposure to 25+ sectors, wherein the secured lending segment accounted for >90% of the total Wholesale AUM.

Asset Quality of the book continues to remain robust as demonstrated by our strong asset quality ratios. Our ongoing focus and efforts resulted in multi-fold positive developments, including significant reduction in NNPA ratio to sub-0.75% levels. Furthermore, multiple digitisation and automation initiatives were undertaken to strengthen process standardisation and reduce TAT, including the operationalisation of the LMS system and activation of various analytical and monitoring tools.

Outlook

Going forward, we will continue to invest in strengthening our core book. In addition to our traditional wholesale model, we will also be focusing on building an 'Originate and Distribute' model, which implies focus on both Origination/Disbursements as well as Distribution (via co-participation, syndication and down-sell). Asset Quality continues to remain a key focus area, where we will endeavour to reduce NNPA levels to sub-0.5%.

Additional focus on operationalisation of the digitisation and automation measures already underway including Loan Origination System (LOS), Early Warning System (EWS) and adding more multi-purpose analytic and monitoring tools.

Emerging Markets

The Emerging Markets vertical commenced during the second half of last year to aid our goals of a stable and granular growth. EM set up a presence in 20+ cities in an effective span of six months, achieving one of the fastest Go-Lives.

The division has reached a monthly disbursement traction of ~₹125 Crore, as on March 2022. 100% of our current book is secured, backed by hard collateral and EMI based repayments, in line with our focus on maintaining a robust asset quality. Furthermore, the collection efficiency has been 100% for the current portfolio. We have been investing in developing a strong team with industry experience, with a focus on expanding our presence across India.

Outlook

Continuing the growth momentum, we plan to scale-up our portfolio by expanding our geographical presence to 35+ cities and achieving a book size of ₹4,000 Crore, by following a P2 (Profitability and Productivity) approach. To this end, we have hired an experienced team from various leading institutions to provide effective solutions to customers. Our robust processes aided by technological tools will also help streamline various activities related to the life cycle of a loan application. We will continue investing in tech-based initiatives, similar to our Retail and Wholesale verticals.

Retail

Our Retail book achieved a massive growth of ~200% to ₹5,694 Crore in FY 2021-22, up from ₹1,880 Crore in FY 2020-21, with minimal industry enviable credit costs. This was possible due to our strong focus on product innovation, process simplification and continued borrower engagement to ensure customer delight, while also building a sustainable and profitable business franchise. Our retail share increased from 17% of total AUM to 33%, improving our overall portfolio stability and granularity.

FY 2021-22 – Key business transformation highlights in Retail

We continued to invest in our technology to re-define processes, increase transaction convenience for borrowers and ensure ease of operations for our channel partners. We launched multiple industry first initiatives in FY2021-22 for our key stakeholders (customers, employees and partners):

- **Pre-filtering:** This is based on bureau score at the initial contact, enabling instant credit filtration/decision
- **Product innovation:** COMBO deal (home loans and personal loans), (loan against property and business loans) single application form for all products
- **Contact-less credit assessment:** Video-personal discussion ensuring minimal physical contact
- **Paperless disbursement:** E-sign/E-NACH to enable faster, seamless disbursement post credit sanction
- **E-invoice submission:** Payout within five days of month-end to all our business partners vis-à-vis Industry TAT-10 to 25 days post month-end
- **Comprehensive partner web-portal:** All information is now readily available 24*7 online (Application status, Payout details, Ready reckoners, etc.)

Strategic priorities

- We want to accelerate the growth of our retail AUM by expanding our distribution and product coverage, as well as leveraging the One Axis capabilities. Our objective is to create an alternative distribution model (co-lending, BFSI ecosystem) to complement the existing channels
- With the acquisition of 70,000+ customers in the last two to three years, we will boost our cross-sell efforts this fiscal to increase our customer share of wallet. This will be done with the use of advanced analytics, intelligent nudges to clients about offers, backed by a seamless customer journey
- Digital capabilities will be one of our key focus areas to deliver growth and increase productivity

Digital transformation

At AFL, our digital philosophy is aligned with the Company's vision to be the preferred financial solutions provider, excelling in customer delivery through insight, empowered employees and the smart use of technology. During FY 2021-22, our objective was to stay market relevant by leveraging digital technologies for capability expansion, focusing on various business operations such as developing digital workflows, enabling digital KYC and efficient underwriting.

Going forward, we want to take our digital capabilities to the next level. In partnership with an industry-leading digital consultant, we are developing automated workflows, transformed processes, analytics-based policies and seamless approvals.

Financial performance

FY 2021-22 Key financial highlights

- 54% Y-o-Y book growth to C17,059 Crore (3x Y-o-Y growth in retail assets book)
- 44% growth in NII
- 78% Y-o-Y growth in PAT to ₹346 Crore
- Industry best NPA performance (0.42% Net NPA with near nil restructuring)
- Well capitalised with 20% Capital adequacy, sufficient liquidity/capital to propel future growth

Management Discussion and Analysis

Particulars	FY22	FY21	% Growth
Interest income	1,449.53	1,014.94	43%
Interest expense	692.18	489.77	41%
Net interest income	757.34	525.17	44%
Other income	61.15	14.22	330%
Expenses			
Employee benefit expenses	134.95	88.91	52%
Depreciation, amortisation and impairment	10.19	5.81	75%
Other expenses	136.44	61.14	123%
Total expenses	281.58	155.86	81%
Profit/loss before taxes and impairment	536.91	383.54	40%
Impairment of financial instruments	72.88	121.21	(-)40%
Profit/loss before taxes	**464.03**	**262.33**	**77%**
Tax expenses	117.69	67.71	74%
Profit/loss for the period	346.34	194.62	78%
Other comprehensive income	0.02	0.02	0%
Total comprehensive income	346.36	194.64	78%

Key ratios

Particulars	FY22	FY21	% Change
ROA	2.57%	2.20%	17
ROE	14.5%	20.9%	30
GNPA	1.2%	2.9%	59
NNPA	0.4%	1.9%	79

SWOT analysis

Strength	Weaknesses	Opportunities	Threats
Strong parentage Being a part of the Axis Group gives Axis Finance access to extensive industry expertise, the opportunity to leverage best practices of the group and strong brand recall.	Relatively newer entrant in the sector	**Retail segment** AFL plans to expand in high-potential retail segments such as micro lap, affordable housing, school fee financing, etc.	**High competition** There has been an increase in competition in all the segments we operate in; any aggressive pricing coupled with dilution of credit standards by competition may have an impact on AFL's business.
Prominent positioning in the wholesale segment The Company has carved out a niche for itself in select wholesale categories such as collateralised loans, corporate loans, etc.	In comparison to existing established players, AFL has limited branch networks	**Select categories in wholesale segment** Opportunities for expansion exist in areas such as affordable housing, equipment finance, small- and medium-sized businesses, etc.	Turbulent macro-environment in terms of hardening yields, depreciating rupee and rising inputs costs.
Robust financials When it comes to capital management, the Company has always taken a methodical approach. As a result, it has one of the best asset quality and return ratios in the NBFC sector.		**Emerging Markets business** Due to an increased focus on entrepreneurship in India, there is a growing scope for small corporate loans, growth-oriented firms, professionals including CAs, doctors, etc.	
Strong leadership team AFL is led by a team of experts from various sub-sectors of the NBFC sector. The Company has demonstrated strong execution capabilities under their direction.			

Risk management

AFL manages different risks that have major impact on its financial performance as well as its ability to meet the expectations of its customers, shareholders, regulators and other stakeholders. AFL's risk appetite is articulated in a risk appetite statement, which is approved by the Board's Risk Management Committee. AFL has also implemented well-defined Product-level Risk Guardrails in terms of exposure concentration limits based on product type, geography, unsecured, capital market, and other factors, which are reviewed on a regular basis.

Risks	Mitigation measures
Credit risks/operational risks	• Policies and operating guidelines in place for all loan products • In-depth due diligence of loan proposals • Centralised and Emerging credit decisioning for Wholesale business and clearly defined delegation/deviation matrix for Retail business • Exposures above ₹50 Crore sanctioned by Committee of Directors comprising three Directors (including one Independent Director) • Early Warning Systems (EWS) for proactive Wholesale and Retail Monitoring • Operational Risk Assessment to strengthen internal controls
Liquidity risks	• Liability maturity broadly aligned 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 and maintains Liquidity Coverage Ratio (LCR) well above the regulatory requirement • Prudent ALM management: Liquidity gaps are monitored by the ALCO and RMC • Automated ALM system for liquidity risk management • Liquidity stress testing and contingency funding plan testing
Market Risks	• Interest rate risk managed by way of Earnings at Risk (EAR) Limits across time buckets • Market risk in trading book mentioned by way of stop-loss and PV01 limits
Cyber and Infosec Risks	• Infosec Monitoring • DLP and Endpoint security controls • Cybersecurity and Infosec awareness programs

Human resources – our ONLY sustainable and competitive advantage

We recognise the importance of our employees' contributions in making our business a success. We offer a nurturing environment and strive to maintain a meritocratic and rewarding work culture. The Company conducts various employment engagement initiatives and regular reviews to ensure that human resources are used to their full potential. Due to upskilling, knowledge-sharing, and cross-functional industry insights, our staff have been able to successfully respond to the changing business environment. Strategic hiring has been prioritised to accelerate our growth and agility across locations in FY 2021-22. As of March 31, 2022, the Company has 980 employees, with 656 working in the retail section and 135 in the Wholesale and recently launched Emerging Markets business. We employed 476 new employees in FY 2021-22, resulting in a 30.8% increase in workforce over FY 2020-21.

560
New employees hired during FY 2021-22

80%
of our workforce are millennials

91%
would recommend Axis as a great place to work to friends

Health, safety and wellbeing

Throughout the epidemic, the Company safeguarded the safety, health and wellbeing of all employees, as well as increased health coverage, proactive care and assistance.

Employees (#79) impacted by COVID-19 were provided special leave for recovery and support for immediate medical help and insurance cover. The senior leadership personally reached out to every employee and family affected by COVID-19 to ensure necessary support was available on immediate basis.

Management Discussion and Analysis

A benevolent fund has been created over and above life insurance cover to support dependents, in case of any pandemic-induced misfortunes.

We ensured strict adherence to social distancing norms at work-stations and cafeterias, with floor marshals guiding the employees to follow the prescribed guidelines.

Fostering a high-performance culture

At AFL, we have cultivated a high-performance culture across the organisation by developing a formal mid-term and annual performance evaluation procedure. Our monthly dashboard helps employees to keep track of their progress and improve their performance.

Competitive compensation and employee benefits

At AFL, we are attracting and retaining talent by providing them competitive compensation packages and various other employee benefits. We have developed a flexible compensation structure to provide greater freedom to choose their benefits accordingly.

Recognising top performers

Employees at AFL are rewarded and recognised for their performance, outstanding contribution, teamwork, and for their professional behaviour. The Company recognises top performers on a monthly and quarterly basis, with various awards including Performance, Service Excellence and Team awards.

Learning and development

We prioritise learning and capability development for our employees by delivering technical, product, process and behavioural training via online and offline training programmes. We leverage G-Cube e-learning portal and Coursera to provide online learning programmes to our employees.

Promoting openness

AFL conducts a quarterly Q&A session with the MD to foster an open and transparent culture across the organisation. We also undertake a values survey twice a year, recording consistent improvement in scores for each value. Regional meetings are held to discuss goals, handle concerns, solicit feedback and ensure team cohesion.

Key highlights of annual employee survey (November -2021)

PRIDE

89%

felt their friends and family believe that Axis is a great place to work

93%

believed Axis Finance is well-positioned to win the future

91%

felt good about the ways in which Axis Finance contributes to society

95%

are proud to represent brand Axis in conversations with customers

ADVOCACY

91%

would recommend Axis as a great place to work to friends

Internal control system

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 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.

Cautionary statements

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.

Annexure – IV

Form No. MR-3
SECRETARIAL AUDIT REPORT
For the year ended 31st March, 2022

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

To
The Members,
Axis Finance Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Axis Finance Limited. (hereinafter called the 'Company') during the year ended 31st March, 2022, ('the year'/ 'audit period'/ 'period under review').

We conducted the Secretarial Audit in a manner that provided us with a reasonable basis for evaluating the Company's corporate conduct/ statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

(i) our **verification** of the books, papers, draft minutes, soft copies as provided by the company and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the company during the year ended 31st March, 2022 as well as before the date of issue of this report,

(ii) **Compliance Certificates** confirming Compliance with all laws applicable to the Company given by Key Managerial Personnel / Senior Managerial Personnel of the company and taken on record by the Audit Committee / Board of Directors, and

(iii) **Representations** made, documents shown and information provided by the Company, its officers, agents, and authorised representatives during the conduct of the audit.

We hereby report that in our opinion, during the audit period covering the year ended on 31st March, 2022 the Company has:

(i) complied with the statutory provisions listed hereunder, and

(ii) Board-processes and compliance mechanism are in place to the extent, in the manner and subject to the reporting made hereinafter.

The members are requested to read this Report, along with our letter of even date annexed to this report as Annexure- A.

1. Compliance with specific statutory provisions

We further report that:

1.1 We have examined the books, papers, draft minutes, soft copies and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the audit period according to the applicable provisions/ clauses of:

(i) The Companies Act, 2013 and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder except relating to transfer of securities;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) The following Regulations, Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'):

a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 to the extent applicable to the Company;

c) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial standards) as applicable mandatorily to the Company.

Annexure – IV

1.2 During the period under review, and also considering the compliance related action taken by the company after 31st March, 2022 but before the date of issue of this report, the company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:

(i) **Complied with** the applicable provisions/clauses of the Act, Rules, SEBI Regulations and Agreements as mentioned under of paragraph 1.1

(ii) **Complied with** the applicable provisions/ clauses of:

(a) The Act and rules mentioned under paragraph 1.1 (i);

(b) The Secretarial standards on meetings of the Board of Directors (SS-1) and Secretarial standards on General Meetings (SS-2) mentioned under paragraph 1.1 (vi) above to the extent applicable to Board meetings/Meetings of the Committees constituted by the Board held during the year, the 26th Annual General Meeting held on 20th July, 2021 and the Extra Ordinary General Meeting of the Company held on 12th November, 2021

1.3 We are informed that, during the year, the company was not required to initiate any compliance related action in respect of the following laws/rules/regulations/standards, and was consequently not required to maintain any books, papers, minute books or other records or file any form/ returns thereunder:

a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

1.4 Based on the nature of activities of the Company, the following specific Acts /Laws /Rules / Regulations are applicable to it , which have been duly complied with:

a. The Reserve Bank of India (Department of Non-Banking Supervision) Non-Banking Financial (ND SI) Companies Prudential Norms (Reserve Bank) Directions and Master Circulars issued from time to time.

b. Prevention of Money Laundering Act, 2002.

2. Board processes:

We further report that:

2.1 The Board of Directors of Company as on 31st March, 2022 comprised of:

(i) Two Executive Directors,

(ii) Two Non- Executive Non Independent Directors, and

(iii) Three Non- Executive Independent Directors, of whom one was a woman Independent Director.

2.2 The processes relating to the following changes in the composition of the Board of Directors during the year were duly carried out in compliance with the provisions of the Act:

(i) Appointment of Mr Babu Rao Busi (DIN: 00425793) as an Additional Director of the Company was approved at the Board meeting held on April 16, 2021 and the appointment was regularised by members at the 26th Annual General Meeting

(ii) Reappointment of Mr Deepak Maheshwari (DIN: 08163253) as Director retiring by rotation was approved at the 26th Annual General Meeting

(iii) Cessation of Mr. K N Prithviraj (DIN: 00115317), as Independent Director of the Company with effect from July 28, 2021.

(iv) Reappointment of Mr. Bipin Kumar Saraf (DIN : 06416744) as Managing Director and CEO of the Company was approved at the Board Meeting held on January 14, 2022.

2.3 Adequate notices were given to all the Directors to enable them to plan their schedule for attending the Board meetings.

2.4 Notices of Board meetings were sent to Directors at least seven days in advance, as required under Section 173(3) of the Act and SS-1.

2.5 Agenda and detailed notes on Agenda were sent to the Directors at least seven days before the Board meetings.

2.6 Agenda and detailed notes on Agenda for the following items were either circulated separately less than seven days before or at the Board meetings and consent of the Board for so circulating them at a shorter notice was duly obtained as required under SS-1:

(i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited financial statement/ results, unaudited financial results and related papers/documents and

(ii) Additional subjects/ information/ presentations and supplementary notes.

2.7 A system exists for Directors to seek and obtain further information and clarifications on the agenda items before the meetings and for ensuring their meaningful participation at the meetings.

2.8 We note from the minutes of the proceedings of the Meetings of the Board held during the year that:

(i) Decisions of the Board were carried through with the requisite majority; and

(ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.

3. Compliance mechanism

There are reasonably adequate systems and processes in place in the Company, which are commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. There exists further scope for improvement in the compliance systems and processes, commensurate with the increasing statutory requirements and growth in operations.

4. Specific events/actions

4.1 During the period under review, the following specific events/ actions having a major bearing on the Company's affairs took place, in pursuance of the above referred laws, rules, regulations and standards:

1. Approval of members was obtained at the Annual General Meeting of the Company held on 20th July, 2021 in respect of the following matters -

i. to borrow monies up to ₹25,000 crores over and above the Paid up Capital and Free Reserves of the Company.

ii. to create mortgage/ charge on assets and/ or undertakings of the Company to secure borrowings of the Company up to an amount not exceeding ₹25,000 crores.

iii. to authorize the issue of Non-Convertible Debentures (NCDs) on a private placement basis up to ₹12,000 Crores (Rupees Twelve Thousand Crores Only) within the overall borrowing limit of ₹25,000 Crores.

2. Issue and allotment of Secured, Redeemable, Non-convertible Debentures worth ₹3153.72 Crores by a way of private placement.

3. Issued and allotted Unsecured, Redeemable, Non-convertible Debentures worth ₹375 Crores by a way of private placement.

In respect of the Securities issued by the Company referred to in paragraphs (2) and (3) above which have been listed at the Stock Exchanges, the Company has stated that all of its employees are barred from trading in the debt securities of the Company which are listed in the Stock Exchanges in terms of the Company's Policy for prevention of Insider trading and as such none of the persons who are privy to Unpublished Price Sensitive Information (UPSI) trade in such debt securities issued by the Company. Notwithstanding the above, the Company has represented that it is in the process of setting up a Structured Digital Database pursuant to the requirements of the SEBI Regulations for prohibition of Insider Trading.

For **BNP & Associates,**
Company Secretaries
Firm Regn No: P2014MH037400

Avinash Bagul
Partner
FCS: 5578/ COP: 19862
UDIN: F005578D000115644
PR.No: 637/2019

Place: Mumbai
Date: 14.04.2022

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report

Annexure – IV

Annexure A

To,
The Members,
Axis Finance Limited

Secretarial Audit Report of even date is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.

2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.

3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31^{st} March 2022 but before the issue of this report.

4. We have considered compliance related actions taken by the Company based on independent legal /professional opinion obtained as being in compliance with law.

5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed, provides a reasonable basis for our opinion.

6. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

7. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.

8. Our Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **BNP & Associates,**
Company Secretaries
Firm Regn No: P2014MH037400

Avinash Bagul
Partner
FCS: 5578/ COP: 19862
UDIN:F005578D000115644
PR.No: 637/2019

Place: Mumbai
Date: 14.04.2022


Customised
Home Loan Solutions
Loan amount
up to ₹10 cr
Seamless
Digital Process
Tenure up to
30 years
Home Renovation /
Improvement
Faster
Processing
APPLY NOW
AXIS FINANCE

Independent auditor's report

To the Members of Axis Finance Limited

Report on the Audit of Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements ('Financial Statements') of Axis Finance Limited (hereinafter referred as "the Company"), which comprise the Balance Sheet as at March 31 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the 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 accompanying Financial Statements gives 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, 2022, 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 Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the 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 opinion on the Financial Statements.

Emphasis of Matter

We draw attention to Note 3.20 to the Financial Statements, which describes the uncertainty arising from COVID 19 pandemic and impacting the Company's operations and estimates related to realisation and 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.

Other Matter

The comparative financial statements of the Company as stated in Financial Statements for the year ended March 31, 2021 were audited by the predecessor auditor who expressed an unmodified opinion on those financial statements on April 16, 2021. Accordingly, we, do not express any opinion, as the case may be, on the figures reported in the Financial Statements for the year ended March 31, 2021.

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 Financial Statements of the current year. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
1. Information Technology (IT) Systems and Controls 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 general control environment could result in a misstatement of the financial accounting and reporting records. Accordingly, we have considered user access management, segregation of duties and controls over system change over key financial accounting and reporting systems, as a key audit matter.	**Our Audit Approach:** Our audit approach was a combination of test of internal controls and substantive procedures which included the following **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

Key audit matters	How our audit addressed the key audit matter
2. Expected Credit Loss (ECL) on Loans and Advances Ind AS 109: Financial Instruments ("Ind AS 109") requires the Company to provide for impairment of its Loan & Advances and Investments ("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 and Investments. 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 e) Data inputs - The application of ECL model requires inputs from several data sources.	**Our Audit Approach:** Our audit approach was a combination of test of internal controls and substantive procedures which included the following: a) Evaluating the Company's accounting policies for impairment of Financial Instruments and assessing compliance with the policies in terms of Ind AS 109: Financial Instruments. b) Enquired with the management with respect to implementation of any resolution plan under Reserve Bank of India circular for Resolution framework for COVID-19 related Stress. c) Evaluated the reasonableness of the management estimates by analysing the underlying assumptions and testing of controls around data extraction / validation. d) Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested samples 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. e) Assessed the additional considerations applied by the management to conclude that there is "Significant increase in credit risk" or that event of "Default" has occurred. f) Tested the ECL model, including assumptions and underlying computation. g) Tested the arithmetical accuracy of computation of ECL provision performed by the Company. h) 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

Information Other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises of the information included in the Annual report, but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during 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 the Management for the 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 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern concept and using the going concern basis of accounting unless management either intends to liquidate the Company or cease its 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 an internal control.
- Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in those 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 system 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 the management and Board of Directors.
- 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 auditors' 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 Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of the misstatement in the financial statement that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the statement may be influenced. We consider quantitative materiality and qualitative factors in; (i) planning the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effects of any identified misstatements in the statement.

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 identified during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and 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 Financial Statements for the financial year ended March 31, 2022 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 we 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, 2020 ("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 A" 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 books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account;

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

(e) On the basis of the written representations received from the directors as on March 31, 2022 none of the directors is disqualified as on March 31, 2022 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 with reference to the financial statements of the Company with reference to these Financial Statements and the operating effectiveness of such controls, we request you to refer to our separate Report in "Annexure B" to this report.

(g) In our opinion, and to the best of our information and according to the explanations given to us, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with 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 has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note No. 34 to the Financial Statements;

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

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. a) The Management has represented that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The Management has represented that no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on audit procedures that we have considered reasonable and appropriate; nothing has come to our notice that has caused us to believe that the representations under sub-clause (iv) (a) and (iv) (b) contain any material misstatement

v. The Board of Directors of the Company have not proposed any dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting.

For **Singhi & Co.**
Chartered Accountants
ICAI Firm Registration Number: 302049E

Nikhil Singhi
Partner
Membership Number: 061567

Place: Mumbai
Date: April 14, 2022
UDIN: 22061567AHBMPB8120

Annexure A

Referred to in paragraph 1 of the Independent Auditors Report of even date to the members of Axis Finance Limited (the "Company") in the Financial Statements as of and for the year ended March 31, 2022 under the heading "Report on other Legal and Regulatory requirements".

i. In respect of the Company's Property, Plant & Equipment and Intangible Assets:

(a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant & Equipment.

(B) The Company has maintained proper records showing full particulars including quantitative details and situation of Intangible Assets.

(b) The Property, Plant and Equipment have been physically verified by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable having regard to the size of the operations of the Company and no material discrepancies were noticed during the verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in Property, Plant and Equipment are held in the name of the Company.

(d) The Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year.

(e) According to the information and explanations given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii. (a) The Company is primarily engaged in lending business. Accordingly, it does not hold any inventories. Thus paragraph 3(ii)(a) of the Order is not applicable to the Company.

(b) The company has been sanctioned working capital limits in excess of five Crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. Basis the information and explanation provided to us and basis our audit procedures undertaken, we have not come across any difference between the information submitted in the quarterly returns / statements filed by the company with such banks or financial institutions when compared with the books of account and other relevant information provided by the Company.

iii. (a) The Company is primarily engaged in lending activities and hence reporting under paragraph 3(iii)(a) of the order is not applicable to the Company.

(b) Considering that the Company is a Non-Banking Finance Company, the investments made, security given and the terms and conditions of the grant of all loans and advances in the nature of loans are not prima facie prejudicial to the Company's interest. According to information and explanations provided to us, the Company has not provided any guarantees during the year.

(c) In respect of the loans given and advances in the nature of loans, the Company has stipulated the schedule of repayment of principal and payment of interest. However, given the nature of business of the Company being a Non-Banking Finance Company, there are some cases during the year and as of March 31, 2022 wherein the amounts were overdue vis-à-vis stipulated terms.

(d) In respect of loans granted and advances in the nature of loans, provided by the Company, the total amount overdue for more than ninety days as on March 31, 2022 is as under:

No. of Cases	Principal Amount Overdue (₹ in Lakh)	Interest Overdue (₹ in Lakh)	Total Overdue (₹ in Lakh)	Remarks (if any)
459	16,824.11	160.44	16,984.55	

Further, basis discussions with the management we understand that the reasonable steps have been taken by the Company for recovery of the principal and interest.

(e) The Company is engaged primarily in lending activities and hence reporting under paragraph 3(iii)(e) of the order is not applicable to the Company.

(f) Basis the information and explanations provided to us, we did not come across loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment. Thus, reporting under paragraph 3(iii)(f) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of sections 185 and 186 of the Companies Act 2013 are applicable, and hence not commented upon.

v. According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits as of March 31, 2022 to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the Rules framed thereunder apply. Accordingly, reporting under paragraph 3(v) of the order is not applicable to the Company.

vi. The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under paragraph 3(vi) of the Order is not applicable to the Company

vii. In respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues in arrears as of March 31, 2022, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records, there are no statutory dues referred to in sub clause (a) that have not been deposited on account of any dispute except for disputed income tax dues as tabulated below:

Name of the Statue	Nature of Dues	Amount (₹ in Lakh)	Period to which the amount relates	Forum where the disputes are pending
Income Tax	Income Tax Demand	70.87	Assessment Year 2012-13 Assessment Year 2016-17	Commissioner of Income Tax (Appeals)

viii. According to the information and explanations given to us, there are no transactions which have not been recorded in the books of account but have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

ix. (a) According to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings or in the payment of interest thereon to any lender.

(b) Basis the information and explanation provided to us, the Company has not been declared a willful defaulter by any bank or financial institution or other lender.

(c) According to the information and explanations given to us and to the best of our knowledge and belief, in our opinion, term loans availed by the Company were applied during the year for the purpose for which the loans were obtained, other than temporary deployment pending application of proceeds.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis do not seem to have been utilized during the year for long-term purposes.

(e) The Company does not have any subsidiaries / associates / joint ventures. Accordingly, reporting under paragraph 3(ix) (e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiaries, associates or joint ventures. According reporting under paragraph 3(ix) (f) of the Order is not applicable to the Company.

x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under paragraph 3 (x) (a) of the Order is not applicable to the Company.

(b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence reporting under paragraph 3 (x)(b) of the Order is not applicable to the Company.

xi. (a) Based upon the audit procedures performed and according to the information and explanations given by the management, there were 7 instances of fraud on the Company by its customers amounting to ₹ 36.61 Lakh as disclosed in Note no. 47 to the Ind AS financial statements. We did not come across any instances of fraud by the Company.

(b) According to the information and explanations given to us and to the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) According to the information and explanations given to us, there are no whistle blower complaints received by the company during the year.

xii. The Company is not a Nidhi Company and hence reporting under paragraph 3(xii) of the Order is not applicable to the Company.

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 the Act where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.

xiv. (a) In our opinion the company has an adequate internal audit system commensurate with the size and nature of its business.

(b) We have taken into consideration, the internal audit reports for the period under audit issued to the Company till date for determining the nature, timing and extent of audit procedures.

xv. According to the information and explanations given by the management, the Company has not entered into non-cash transactions with directors or persons connected with them as referred to in Section 92 of the Act. Accordingly, reporting under paragraph 3(xv) of the Order is not applicable to the Company.

xvi. (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

(b) According to the information and explanations given to us, the company holds a valid Certificate of Registration (CoR).

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence reporting under paragraph 3 (xvi)(c) of the Order is not applicable to the Company.

(d) According to the information and explanations given to us, there is no CIC in the Group.

xvii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.

xviii. There has been a resignation of the Statutory Auditors during the year in lieu of RBI Circular no. RBI/2021-22/25 Ref. No. DoS. CO. ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 relating to Guidelines for appointment of Statutory Auditors and no issue, objection or concern was raised by the erstwhile auditor.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, undrawn bank facilities available, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

xx. (a) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount on account of ongoing projects or other than ongoing projects for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act.

(b) According to the information and explanations given to us, no amount is remaining unspent under sub-section (5) of section 135 of the Companies Act, pursuant to any ongoing project, which is required to be transferred to special account in compliance with the provision of sub-section (6) of section 135 of the said Act.

xxi. According to the information and explanations given to us and based on our examination of the records of the Company, there are no subsidiaries / associates / joint ventures of the Company and hence the paragraph 3(xxi) of the Order is not applicable.

For **Singhi & Co.**
Chartered Accountants
ICAI Firm Registration Number: 302049E

Nikhil Singhi
Partner
Membership Number: 061567

Place: Mumbai
Date: April 14, 2022
UDIN: 22061567AHBMPB8120

Annexure B

(Referred in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)
Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

We have audited the internal financial controls with reference to the financial statements of **AXIS FINANCE LIMITED** ("**the Company**") as of March 31, 2022 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022 based on the criteria for internal financial control over financial reporting 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India.

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 with reference to the financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India ('ICAI'). 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 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. 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 with reference to the 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 system with reference to the financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the financial statements included obtaining an understanding of internal financial controls with reference to the 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 judgment, 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 Company's internal financial controls system with reference to the financial statements.

Meaning of Internal Financial Controls with reference to the financial statements

A Company's internal financial control with reference to the 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 with reference to the 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 authorizations of management and directors of the Company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 with Reference to The Financial Statements

Because of the inherent limitations of internal financial controls with reference to the 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 with reference to the financial statements to future periods are subject to the risk that the internal financial control with reference to the financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **Singhi & Co.**
Chartered Accountants
ICAI Firm Registration Number: 302049E

Nikhil Singhi
Partner
Membership Number: 061567

Place: Mumbai
Date: April 14, 2022
UDIN: 22061567AHBMPB8120

Balance Sheet

as at March 31, 2022

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

Particulars	Note	As at March 31, 2022	As at March 31, 2021
ASSETS			
Financial Assets			
Cash and cash equivalents	4	14,585.53	5,067.80
Bank balance other than cash and cash equivalents	4a	183.13	174.53
Derivative financial instruments	13	407.28	-
Receivables	5		
a) Trade Receivables		601.98	519.66
b) Other Receivables		-	-
Loans	6	16,09,289.91	10,09,219.51
Investments	7	88,923.83	89,717.57
Other financial assets	8	1,075.45	219.44
Sub-total-Financial Assets		**17,15,067.11**	**11,04,918.51**
Non-Financial Assets			
Current Tax Assets (net)	9	842.77	4,330.94
Deferred Tax Assets (net)	9	8,811.62	7,574.59
Property, plant and equipment	10	414.11	198.08
Intangible assets under development	11	252.16	485.83
Other Intangible Assets	11	1,320.65	962.17
Right-of-use assets	39	2,457.14	1,687.01
Other non-financial assets	12	1,037.60	356.71
Sub-total-Non-Financial Assets		**15,136.05**	**15,595.33**
Total - Assets		**17,30,203.16**	**11,20,513.84**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables	14		
i) Trade Payables			
a) total outstanding dues to micro and small enterprises		18.62	3.73
b) total outstanding dues of creditors other than micro and small enterprises		409.87	136.50
ii) Other Payables			
a) total outstanding dues to micro and small enterprises		239.04	16.66
b) total outstanding dues of creditors other than micro and small enterprises		1,650.63	722.33
Debt securities	15	8,25,213.20	7,88,898.01
Borrowings (Other than debt securities)	16	5,49,456.66	1,14,480.73
Subordinated Liabilities	17	98,956.16	59,990.04
Lease Liabilities	39	2,612.55	1,749.08
Other financial liabilities	18	28,602.83	7,122.81
Sub-total-Financial Liabilities		**15,07,159.56**	**9,73,119.89**
Non-Financial liabilities			
Provisions	19	1,986.48	1,299.60
Other non-financial liabilities	20	1,944.37	1,846.31
Sub-total-Non-Financial Liabilities		**3,930.85**	**3,145.90**
Total-liabilities		**15,11,090.41**	**9,76,265.79**
EQUITY			
Equity share capital	21	53,851.25	48,225.00
Other equity	22	1,65,261.50	96,023.05
Total - Equity		**2,19,112.75**	**1,44,248.05**
Total - Liabilities and Equity		**17,30,203.16**	**11,20,513.84**

The accompanying notes are forming part of financial statements

As per our attached report of even date

For and behalf of the board of Axis Finance Limited

For Singhi & Co.
Chartered Accountants
ICAI Firm Registration No.302049E

Amitabh Chaudhry
Chairman
DIN No: 00531120

Bipin Kumar Saraf
Managing Director
DIN No: 06416744

Nikhil Singhi
Partner
Membership No.: 061567
Place of Signature: Mumbai
Date: April 14, 2022

Amith Iyer
Chief Financial Officer
Membership No: 51849
Place of Signature: Mumbai
Date: April 14, 2022

Rajneesh Kumar
Company Secretary
Membership No: A31230

Statement of Profit and Loss

for the year ended 31 March, 2022

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

Particulars	Note	For the year ended March 31 2022	For the year ended March 31 2021
Revenue from operations			
Interest Income	23	1,44,952.75	1,01,494.00
Fees and commission Income	23a	624.94	122.78
Net gain on fair value changes	24	2,434.74	1,299.69
Net gain/(loss) on derecognition of financial instruments under amortised cost category		3,055.01	-
Total Revenue from operations		**1,51,067.45**	**1,02,916.47**
Other Income		-	-
Total income		**1,51,067.45**	**1,02,916.47**
Expenses			
Finance Costs	25	69,218.46	48,976.85
Impairment on financial instruments	26	7,287.83	12,121.14
Employee benefits expenses	27	13,495.12	8,890.50
Depreciation amortization and impairment	28	1,019.27	581.16
Others expenses	29	13,643.57	6,114.01
Total expenses		**1,04,664.25**	**76,683.66**
Profit before exceptional items and tax		**46,403.19**	**26,232.81**
Exceptional Items		-	-
Profit before taxes		**46,403.19**	**26,232.81**
Tax expenses (Refer Note 9)			
- Current Tax		13,006.87	7,726.17
- Deferred Tax		(1,237.62)	(955.38)
Profit for the year		**34,633.94**	**19,462.02**
Other Comprehensive Income			
(A) Items that will not be reclassified to profit and loss			
- Re-measurements of net defined benefit plans		(4.06)	2.89
- Income tax impact		(1.02)	0.73
Sub-total (A)		**(3.04)**	**2.16**
(B) Items that will be reclassified to profit and loss			
- Fair value changes on derivative designated as cash flow hedge		6.39	-
- Income tax impact		1.61	-
Sub-total (B)		**4.78**	**-**
Other Comprehensive Income/(Loss) (A+B)		**1.74**	**2.16**
Total Comprehensive Income for the year		**34,635.68**	**19,464.18**
Earnings per equity share (Refer Note 35)			
Basic (₹)		7.08	4.04
Diluted (₹)		7.08	4.04

The accompanying notes are forming part of financial statements

As per our attached report of even date

For and behalf of the board of Axis Finance Limited

For Singhi & Co.
Chartered Accountants
ICAI Firm Registration No.302049E

Amitabh Chaudhry
Chairman
DIN No: 00531120

Bipin Kumar Saraf
Managing Director
DIN No: 06416744

Nikhil Singhi
Partner
Membership No.: 061567
Place of Signature: Mumbai
Date: April 14 2022

Amith Iyer
Chief Financial Officer
Membership No: 51849
Place of Signature: Mumbai
Date: April 14 2022

Rajneesh Kumar
Company Secretary
Membership No: A31230

Statement of Cash Flows

for the year ended 31 March, 2022

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Cash flow from operating activities		
Profit before tax	**46,403.19**	**26,232.81**
Adjustments for:		
Depreciation, amortization and impairment (other than right-of-use assets)	626.35	429.98
Depreciation expense of right-of-use assets	392.93	151.27
Net gain on fair value changes	(2,434.74)	(1,299.69)
Impairment on financial instruments	7,287.83	12,121.14
Employee Stock Option	284.63	326.61
Interest on Lease deposit	(10.93)	(4.85)
Amortisation of Lease rental	14.54	6.67
Provision for expenses	1,150.68	426.34
Provision for Employee Benefit expense	686.88	1,253.97
Interest income from investments (at amortised cost)	(5,497.77)	(2,490.05)
Interest income from investments (FVTPL)	(202.25)	
Operating profit before working capital changes	**48,701.34**	**37,154.20**
Movement in working capital:		
Decrease/(increase) in Bank Deposits	(8.60)	3.99
Decrease/(increase) in Derivative financial instruments	(407.28)	-
Decrease/(increase) in Trade Receivables	(77.04)	170.60
Decrease/(increase) in Loans	(6,07,482.68)	(2,66,626.95)
Decrease/(increase) in Other financial assets	(859.62)	(134.55)
Decrease/(increase) in Right-of-use assets	(1,163.06)	(1,478.00)
Decrease/(increase) in Other non-financial assets	(680.89)	(118.75)
Increase/(decrease) in Lease Liabilities	1,114.70	1,538.46
Increase/(decrease) in Trade Payables	1,126.98	477.10
Increase/(decrease) in Other financial liabilities	21,791.99	4,365.36
Increase/(decrease) in Provisions	(1,154.74)	(1,267.42)
Increase/(decrease) in Other non-financial liabilities	104.45	487.69
Cash generated from operations	**(5,38,994.45)**	**(2,25,428.27)**
Income tax paid	(9,518.70)	(8,351.70)
Net cash flow from operating activities (A)	**(5,48,513.15)**	**(2,33,779.97)**
B. Cash flow from investing activities		
Interest income from investments (at amortised cost)	5,812.47	1,026.43
Interest income from investments (FVTPL)	202.25	-
Purchase of Property, plant and equipment	(377.94)	(92.56)
Purchase for Intangibles	(589.32)	(355.50)
Sales of investment at Amortised Cost	15,34,111.37	3,600.00
Purchase of investment at Amortised Cost	(15,48,524.09)	(68,001.66)
Proceeds from sale of investment at FVTPL	36,395.65	1,28,904.18
Purchase of investment at FVTPL	(18,949.95)	(1,42,605.11)
Net cash flow from investing activities(B)	**8,080.43**	**(77,524.22)**
C. Cash flow from financing activities		
Increase/(decrease) in Debt securities	36,315.19	4,08,220.21
Increase/(decrease) in Borrowings (Other than debt securities)	4,34,976.01	(1,14,961.33)
Increase/(decrease) in Subordinated Liabilities	38,966.11	7,073.33
Proceeds from issue of Equity Shares	39,944.38	-
Payment towards Lease Liability	(251.24)	(162.25)
Net cash flow from financing activities(C)	**5,49,950.45**	**3,00,169.96**

Statement of Cash Flows

for the year ended 31 March, 2022

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net increase/(decrease) in cash and equivalents(A+B+C)	**9,517.73**	**(11,134.23)**
Cash and cash equivalents at the beginning of the year	**5,067.80**	**16,202.03**
Cash and cash equivalents at the end of the year	**14,585.53**	**5,067.80**
Cash	0.00	0.03
Balance with banks	14,585.53	5,067.77
	14,585.53	**5,067.80**

Additional disclosure pursuant to IND AS 7

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening balance of Debt Securities, borrowings (Other than debt securities and subordinted liabilities)	**9,63,368.79**	**6,63,036.58**
Cash flows	5,10,257.31	3,00,332.20
Fair value adjustments	(0.08)	-
Interest accrued on borrowings	-	-
Acquisitions	-	-
Closing balance of Debt Securities, borrowings (Other than debt securities and subordinted liabilities)	**14,73,626.02**	**9,63,368.79**

1. Net cash generated from operating activity is determined after adjusting the following:

Operational cash flows from interest	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest paid	**81,331.35**	**21,736.51**
Interest received	**1,40,916.32**	**1,03,392.83**

2. Cash flow statement has been prepared under indirect method as set out in Ind AS 7 prescribed under the Companies (Indian Accounting Standards) Rules, 2015 under the Companies Act, 2013.

3. Purchase of fixed assets represents additions to property, plant and equipment and other intangible assets adjusted for movement of (a) capital-work-in-progress for property, plant and equipment and (b) intangible assets under development during the year.

The accompanying notes are forming part of financial statements

As per our attached report of even date

For Singhi & Co.
Chartered Accountants
ICAI Firm Registration No.302049E

Nikhil Singhi
Partner
Membership No.: 061567
Place of Signature: Mumbai
Date: April 14, 2022

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
Membership No: 51849
Place of Signature: Mumbai
Date: April 14, 2022

Rajneesh Kumar
Company Secretary
Membership No: A31230

Statement of Changes in Equity

for the year ended 31 March, 2022

(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 due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance at the end of the year
As at March 31, 2021	48,225.00	-	-	-	**48,225.00**
As at March 31, 2022	48,225.00	-	-	5,626.25	**53,851.25**

1A. Other equity

Particulars	Reserves and Surplus					Other Comprehensive Income (OCI)		Total
	Statutory Reserve	Securities Premium	Retained Earnings	General Reserves	Deemed Capital Contribution	Remeasurement of Post Employment Benefit Obligations	Cash Flow Hedge Reserve	
Balance as at April 1, 2020	**20,831.00**	**28,217.50**	**26,649.42**	**33.04**	**539.07**	**(37.77)**	**-**	**76,232.26**
Profit for the year (a)	-	-	19,462.02	-	-	-	-	19,462.02
Remeasurement of defined benefit plans and fair value changes (b)	-	-	-	-	-	2.16	-	2.16
Total Comprehensive Income for the year (a+b)	-	-	19,462.02	-	-	2.16	-	19,464.18
Dividend including DDT	-	-	-	-	-	-	-	-
Transfer to/from retained earnings	4,223.00	-	(4,223.00)	-	-	-	-	-
Employee Stock Option	-	-	-	-	326.61	-	-	326.61
Balance as at March 31, 2021	**25,054.00**	**28,217.50**	**41,888.44**	**33.04**	**865.68**	**(35.61)**	**-**	**96,023.05**
Profit for the year (a)	-	-	34,633.94	-	-			34,633.94
Items that will not be reclassified to profit and loss	-	-		-	-	(3.04)	-	(3.04)
Items that will be reclassified to profit and loss	-	-	-	-	-	-	4.78	4.78
Total Comprehensive Income for the year (a+b)	-	-	34,633.94	-	-	(3.04)	4.78	34,635.68
Securities Premium received on issue of shares	-	34,320.16	-	-	-	-	-	34,320.16
Utilization during the year against share issue expense	-	(2.02)	-	-	-	-	-	(2.02)
Dividend including DDT	-	-	-	-	-	-	-	-
Transfer to/from retained earnings	6,930.00	-	(6,930.00)	-	-	-	-	-
Employee Stock Option	-	-	-	-	284.63	-	-	284.63
Balance as at March 31, 2022	**31,984.00**	**62,535.64**	**69,592.38**	**33.04**	**1,150.31**	**(38.65)**	**4.78**	**1,65,261.50**

The accompanying notes are forming part of financial statements

As per our attached report of even date

For Singhi & Co.
Chartered Accountants
ICAI Firm Registration No.302049E

Nikhil Singhi
Partner
Membership No.: 061567
Place of Signature: Mumbai
Date: April 14, 2022

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
Membership No: 51849
Place of Signature: Mumbai
Date: April 14, 2022

Rajneesh Kumar
Company Secretary
Membership No: A31230

Notes

forming part of financial statement for the year ended March 31, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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 Systemically Important Non Deposit taking Non-Banking Financial Company ('NBFC') as defined under section 45-IA of the Reserve Bank of India ('RBI') Act, 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 is a wholly-owned subsidiary of Axis Bank Ltd. 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 March 31, 2022 were authorized for issue by the Board of directors of the company at it's meeting held on April 14, 2022.

2.1. Statement of Compliance, Basis of preparation and presentation of financial statements

(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.

Any directions issued by the RBI or other regulators are implemented as and when they become applicable. Further, the Company has complied with all the directions related to Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies (NBFCs) in accordance with the RBI notification no. RBI/2019-20/170 DOR NBFC). CC.PD. No.109/22.10.106/2019-20 dated March 13, 2020.

(ii) Historical Cost Convention

The Financial Statements have been prepared and presented on the going concern basis and at historical cost, except for the following which have been measured at fair value:

- Certain financial assets and liabilities at fair value;
- Employee's Defined benefit plans-plan assets as per actuarial valuation; and
- Derivative Financial Instruments
- Share Based payments.

2.2 Functional and presentation currency

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates. Except as otherwise indicated, financial information presented in Indian rupees has been rounded to the nearest Lakhs.

2.3 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 32.

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

2.4 Use of Estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) and disclosures as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are recognized in the periods in which the Company becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised and future periods.

3. Significant accounting policies

3.1 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.

3.1.1 Date of recognition and initial measurement

Financial assets and liabilities are recognized in the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. All financial instruments are recognized initially at fair value. However, in the case of financial instruments not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial instruments are added to the fair value. Purchases or sales of financial instruments that require delivery of assets / liabilities within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset / liabilities.

Notes

forming part of financial statement for the year ended 31 March, 2022

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

3.1.2 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).

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)

3.1.3 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.

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.

3.1.4 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

Notes

forming part of financial statement for the year ended 31 March, 2022

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

- 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.

3.1.5 Reclassification of Financial Assets and Financial Liabilities

Financial assets are not reclassified subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line or in the period the Group 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.

3.1.6 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. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

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. This includes both quantitative and qualitative information and analysis based on a provision matrix which takes into account the Company's historical credit loss experience, current economic condition, forward looking information and scenario analysis.

The expected credit loss is a product of Exposure at Default (EAD), Probability of Default (PD) and Loss given default (LGD). The Company has devised an internal model to evaluate the PD and LGD based on the parameters set out in Ind AS 109. Accordingly, the financial assets have been segmented into three stages based on their risk profiles. The three stages reflect the general pattern of credit deterioration of a financial asset.

The company categorizes financial assets at the reporting date into stages based on the days past due (DPD) status as under:

- Stage 1: 0 to 30 days past due
- Stage 2: 31 to 90 days past due
- Stage 3: more than 90 days past due

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.

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

Notes

forming part of financial statement for the year ended 31 March, 2022

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

Credit-impaired Financial Assets

A financial asset is 'credit-impaired' when one or more events, that have a detrimental impact on the estimated future cash flows of the financial asset, have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- The disappearance of an active market for a security because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments which are financial assets measured at amortised cost or FVTOCI, are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Company considers factors, such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that, as a result of granting the concession, the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets, where concessions are contemplated but not granted, the asset is deemed credit-impaired when there is observable evidence of credit-impairment, including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop, if amounts are overdue for 90 days or more

Significant Increase in Credit Risk

The Company monitors all financial assets, issued irrevocable loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk, since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL. The Company's accounting policy is not to use the practical expedient that the financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Company monitors all financial assets, issued irrevocable loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable, and supportable, including historical experience and forward-looking information, which is available without undue cost or effort, based on the Company's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the probability of default (PD) will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

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 recognized. 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 recognizes 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 30).

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Write Off

Loans and Debt Securities are written off when the company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the

Notes

forming part of financial statement for the year ended 31 March, 2022

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

Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts, subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to the financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains

3.1.7 Derivative financial instruments

The Company enters into forward contracts to hedge the foreign currency risk of firm commitments and highly probable forecast transactions. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit and loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognized directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognized immediately in Finance Cost in the statement of profit and loss. When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognized in OCI at that time remains in OCI and is recognized when the hedged forecast transaction is ultimately recognized in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss. The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind-AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationships exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

3.2 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 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.

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.

3.3 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.

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

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.

Depreciation, estimated useful life and residual value

The Company is using cost model and 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.

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) as per Companies Act, 2013	Estimated Useful Life (in years) as per Management
Tangible Assets:		
Computers	3	3
Servers	3	3
Furniture & Fixtures	10	10
Office Equipment	5	5
Vehicles	8	4
Land and Building	60	60
Intangible Assets:		
Software	3	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.

Further, Company has made policy of considering the assets costing less than ₹ 10,000 as operating expenses i.e., fully depreciated in the year of purchase.

3.4 Other Intangible Assets and Amortization

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.

Such intangible assets are subsequently measured at cost less accumulated amortization and any accumulated impairment losses. The useful life of these intangible assets is estimated at 5 years with zero residual value. 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.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as “Intangible assets under development”.

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.

3.5 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.

3.6 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.

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

3.6.1 Interest Income

Interest income on a financial asset at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ('EIR'). EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

When a financial asset becomes credit-impaired (as set out in Note 3.1.6) and is, therefore, regarded as 'Stage 3', where the ultimate collection of revenue lacks reasonable certainty, revenue recognition is postponed. If the financial assets cures (as outlined in Note 3.1.6) and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis. During the stage of asset under impaired if any amount recovered on account of interest income, is getting recognized on receipt basis.

3.6.2 Dividend 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.

3.6.3 Fees and Commission Income

Fees and commission income other than those that are integral part of EIR are recognized when the company satisfies the performance obligation over time and as the related services are performed.

3.6.4 Net gain on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss held by the Company on the balance sheet date is recognised as an unrealised gain / loss. In cases there is a net gain/loss in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations in the statement of Profit and Loss. Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL is recognised in net gain / loss on fair value changes. Similarly, any differences between the fair values of financial assets classified as fair value through other comprehensive income are disclosed in the OCI. However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.

3.7 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.

3.8 Foreign Currency Transactions

Transactions in foreign currencies are recorded at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency at the rates of exchange on the reporting date Exchange difference on restatement of all other monetary items is recognised in the Statement of Profit and Loss.

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.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

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

Notes

forming part of financial statement for the year ended 31 March, 2022

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

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.

3.10 Finance costs

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortized cost. Financial instruments include bank term loans, non-convertible debentures, commercial papers, subordinated debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

3.11 Employee Benefits

(A) Short-term employee benefits

Liabilities for salaries and wages, including non-monetary benefits in respect of employees' services up to the end of the reporting period, are recognized as liabilities (and expenses) and are measured at the amounts expected to be paid when the liabilities are settled.

The Company also recognizes a liability, and records an expense for bonuses (including performance-linked bonuses) where contractually obliged or where there is a past practice that has created a constructive obligation.

Provident Fund

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. The Company recognizes contribution payable to provident fund scheme as expenditure, when an employee renders the related service.

Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The 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. Gratuity is funded with an approved trust.

In respect of Gratuity being post-retirement benefits, re measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling, (if applicable) and the return on plan assets (excluding net interest) are reflected immediately in the Balance Sheet with a charge or credit recognized in other comprehensive income in the period in which they occur.

Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings, and will not be reclassified to the Statement of Profit and Loss.

Past service costs are recognised in the Statement of Profit and Loss on the earlier of:

- the date of the plan amendment or curtailment, and
- the date that the Company recognises related restricting costs.

The Company recognises the following changes in the net defined benefit obligation under employee benefit expenses in the Statement of Profit and Loss:

- service costs (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); and
- net interest expenses or income.

The Company presents the above two components of defined benefit costs in the Statement of Profit and Loss in the line item 'Employee Benefits Expense'.

Share based payments

The Parent Bank (Axis Bank Ltd.) issues stock options to certain select employees of the Company. These transactions are recognized as equity-settled share based payment transactions. The stock compensation expense is determined based on grant date fair value of options and the parent banks estimate of options that will eventually vest and is recognized on a straight line basis over the vesting period in the statement of Profit and Loss.

For options granted till FY 2020, corresponding impact is given to Other Equity as "Deemed Capital Contribution" as the cost was not recovered by the parent bank.

However, with effect from 1 July 2021, the Parent Bank has started recovering the cost from the Company.

3.12 Other Income & Expenses

All Other income and expense are recognized in the period they occur.

3.13 Lease Accounting:

The Company as a lessee

The Company's lease assets primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes right-of-use ("ROU") asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and low value leases. For these short term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

Notes

forming part of financial statement for the year ended 31 March, 2022

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

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the under lying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use) is determined on an individual asset basis unless the asset generates cash flows that are largely dependent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment on exercise of an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

3.14 Taxes

Current income Tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act 1961. The tax rates and tax laws used to compute the 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.

Deferred Tax

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:

- 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.

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.

3.15 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 year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and

Notes

forming part of financial statement for the year ended 31 March, 2022

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

the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

3.16 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.

3.17 Statement of Cash Flows

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

3.18 Segment Reporting

Operating business segment results are reviewed regularly by the Company's Chief Operating Decision Maker to make decisions about resources to be allocated to the segments and assess their performance. Business segment is the primary segment comprising of 'Financing activity'. As the Company operates only in a single business segment, no segment information thereof is given as required under Ind AS 108.

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.

a) ***Business model assessment***

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

b) ***Fair Value of Financial instruments***

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

c) ***Effective Interest Rate (EIR) method***

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's 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 judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes which can result in different levels of allowances. It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary. The impairment loss on loans and advances is disclosed in more detail in Note 30.

e) ***Provisions and other contingent liabilities***

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and proceedings in the ordinary course of the Company's business. When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a 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 incidents. Significant judgement is required to conclude on these estimates.

3.20 Assessment of COVID - 19 Impact

The Covid-19 pandemic has impacted most countries, including India. The nation-wide lockdown initiated by the Government of India in April-May 2020 substantially impacted economic activity. The easing of lockdown measures subsequently led to gradual improvement in economic activity and progress towards normalcy. RBI took various regulatory measures like moratorium on payment of dues, reliefs towards 'interest on interest' charged during March-August 2020 and allowing one-time restructuring (OTR) to eligible borrowers.

The extent to which the COVID-19 pandemic, including the "second wave" and current "third wave" that has significantly increased the number of cases in India, will continue to impact the Company's financial results, will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

Though the lockdown has been lifted albeit with restrictions, operations and economic activities have not yet returned to normalcy. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty and may be 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 adequate impairment allowance as at March 31, 2022 against potential impact of COVID-19 based on the information available at this point in time. The impairment allowance held by the Company is in excess of the RBI prescribed norms. Based on the internal assessment undertaken, the Company believes it has sufficient liquidity to honour its liabilities due over the next 12 months.

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

4 Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	0.00	0.03
Balances with banks	14,585.53	5,067.77
Total	**14,585.53**	**5,067.80**

4a Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed Deposits with Bank	183.13	174.53
Total	**183.13**	**174.53**

5 Trade Receivables

Particulars	As at March 31, 2022	As at March 31, 2021
a) Trade Receivables considered good – Unsecured		
- Related parties	552.30	227.55
- Others	49.68	297.38
b) Other Receivables	-	-
Total Receivables	**601.98**	**524.93**
Less: Provision for impairment loss	0.00	(5.27)
Total	**601.98**	**519.66**

No amount is due from directors or other officers of the Company either severally or jointly with any other person, or from firms or private companies respectively in which any director is a partner, a director or a member.

Note: For ageing please refer Note 65

6 Loans at amortised cost

Particulars	As at March 31, 2022	As at March 31, 2021
Term Loans in India		
Loans to Public Sector	-	-
Loans to Others	16,37,265.90	10,32,854.23
	16,37,265.90	**10,32,854.23**
Less: Impairment allowance for financial instruments at amortised cost	(27,975.99)	(23,634.72)
Total	**16,09,289.91**	**10,09,219.51**
Secured by tangible assets	13,13,499.85	8,68,647.41
Covered by Bank/Government Gaurantees	44,930.90	30,582.75
Unsecured	2,78,835.15	1,33,624.07
Total Loans	**16,37,265.90**	**10,32,854.23**
Less: Impairment allowance for financial instruments at amortised cost	(27,975.99)	(23,634.72)
Total	**16,09,289.91**	**10,09,219.51**

Notes:-

1) Loans to the extent of ₹ in Lakhs 13,58,430.75 (March 31, 2021: 8,99,230.16) 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.

Notes

forming part of financial statement for the year ended 31 March, 2022

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

2) Refer Note 30 for Reconciliation of Expected Credit Loss balance.

Loans at Amortised Cost (In India)

Particulars	As at March 31, 2022	As at March 31, 2021
A) Term Loans other than Public sector	16,37,265.90	10,32,854.23
Gross	**16,37,265.90**	**10,32,854.23**
Less: Impairment loss allowance	(27,975.99)	(23,634.72)
Net	**16,09,289.91**	**10,09,219.51**
B) (i) Secured by tangible assets & Bank/Government Gaurantees	13,58,430.75	8,99,230.16
B) (ii) Unsecured	2,78,835.15	1,33,624.07
Gross	**16,37,265.90**	**10,32,854.23**
Less: Impairment loss allowance	(27,975.99)	(23,634.72)
Net	**16,09,289.91**	**10,09,219.51**

There are no Loans or advances in the nature of loans are granted to promoters, Directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are: (a) repayable on demand or (b) without specifying any terms or period of repayment during the year ended 31 March, 2022 (31 March, 2021: NIL).

7 Investments

Particulars	As at March 31, 2022		
	Amortised Cost 1	At Fair value through profit & loss account 2	Total (3=1+2)
Investment (In India)			
Investment in Short Term Securities	20,000.00	-	20,000.00
Debt securities (In India)			
Investment in NCD & Bonds			
Quoted			
Government Securities	44,314.05	-	44,314.05
Nayara Energy Limited	15,722.48	-	15,722.48
Tata Projects Limited	8,999.02	-	8,999.02
Unquoted			
NSPIRA Management Services Private Limited	-	-	-
Total – Gross (A)	**89,035.55**	**-**	**89,035.55**
Less: Allowance for impairment loss (B)	111.72	-	111.72
Total – Net (A-B)	**88,923.83**	**-**	**88,923.83**

Particulars	As at March 31, 2021		
	Amortised Cost 1	At Fair value through profit and loss account 2	Total (3=1+2)
Mutual Fund Investment (In India)			
Quoted			
Axis Overnight Fund Direct Growth (ON-DG)	-	15,000.61	15,000.61
Debt securities (In India)			
Investment in NCD & Bonds			
Quoted			
Government Securities	44,277.03	-	44,277.03
Gateway Distriparks Limited	5,507.16	-	5,507.16
Amba River Coke Limited	4,255.08	-	4,255.08

Notes

forming part of financial statement for the year ended 31 March, 2022

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

Particulars	As at March 31, 2021		
	Amortised Cost 1	At Fair value through profit and loss account 2	Total (3=1+2)
Nayara Energy Limited	10,599.03	-	10,599.03
Aparajitha Corporate Services Private Limited	3,342.13	-	3,342.13
Unquoted			
NSPIRA Management Services Private Limited	6,967.45	-	6,967.45
Total – Gross (A)	**74,947.88**	**15,000.61**	**89,948.49**
Less: Allowance for impairment loss (B)	230.92	-	230.92
Total – Net (A-B)	**74,716.96**	**15,000.61**	**89,717.57**

8 Other financial assets

Particulars	As at March 31, 2022	As at March 31, 2021
Securitiy Deposits	371.47	109.08
Advance Rental	90.95	70.83
Other Assets	613.02	39.53
Total	**1,075.44**	**219.44**

9 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)	As at March 31, 2022	As at March 31, 2021
Depreciation	(118.52)	(91.25)
Fair Value gain/loss on MF	-	(0.15)
Unamortized Processing Fees	1,822.40	1,595.16
Lease and Deposit Fair Value	46.52	16.19
Fees on Loans Undisbursed	246.70	327.43
NCD Interest accrued and transaction cost	(267.64)	(316.59)
Fair Value of Investments	54.44	82.23
Term Loan at Amortised Cost	-	(0.63)
EIR Adjustement on Interest income	(18.64)	-
Cash flow hedge reserve	(1.61)	-
Expected Credit Loss	7,041.00	5,948.39
Provision for Impairment on Trade Receivables	-	1.33
Actuarial gain/loss on valuation of gratuity	6.97	12.48
Total	**8,811.62**	**7,574.59**

Notes

forming part of financial statement for the year ended 31 March, 2022

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

Movement of Deferred Tax Assets/(Liability)

For the Year Ended March 31, 2022

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						
Unamortized Processing Fees	1,595.16	227.24	-	-	227.24	1,822.40
Lease and Deposit Fair Value	16.19	30.33	-	-	30.33	46.52
Fees on Loans Undisbursed	327.43	(80.73)	-	-	(80.73)	246.70
Fair Value of Investments	82.23	(27.79)	-	-	(27.79)	54.44
Expected Credit Loss	5,948.38	1,092.61	-	-	1,092.61	7,040.99
Provision for Impairment on Trade Receivables	1.33	(1.33)	-	-	(1.33)	-
Actuarial gain/loss on valuation of gratuity	12.48	(5.51)	-	-	(5.51)	6.97
Deferred tax liablities						
Depreciation	(91.25)	(27.27)	-	-	(27.27)	(118.52)
Fair Value gain/loss on MF	(0.15)	0.15	-	-	0.15	-
Cash flow hedge reserve	-	(1.61)	-	-	(1.61)	(1.61)
EIR Adjustement on Interest income	-	(18.64)	-	-	(18.64)	(18.64)
NCD Interest accrued and transaction cost	(316.59)	48.95	-	-	48.95	(267.64)
Term Loan at Amortised Cost	(0.62)	0.63	-	-	0.63	0.01
	7,574.59	**1,237.03**	**-**	**-**	**1,237.03**	**8,811.62**

Movement of Deferred Tax Assets/(Liability)

For the Year Ended March 31, 2021

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	18.89	(18.89)	-	-	(18.89)	-
Unamortized Processing Fees	1,626.15	(30.99)	-	-	(30.99)	1,595.16
Lease and Deposit Fair Value	3.28	12.91	-	-	12.91	16.19
Fees on Loans Undisbursed	266.31	61.12	-	-	61.12	327.43
Fair Value of Investments	18.85	63.38	-	-	63.38	82.23
Expected Credit Loss	5,144.57	803.81	-	-	803.81	5,948.38
Provision for Impairment on Trade Receivables	3.05	(1.72)	-	-	(1.72)	1.33
Actuarial gain/loss on valuation of gratuity	16.24	(3.76)	-	-	(3.76)	12.48
Deferred tax liablities						
Depreciation	(80.80)	(10.45)	-	-	(10.45)	(91.25)
Fair Value gain/loss on MF	-	(0.15)			(0.15)	(0.15)
NCD Interest accrued and transaction cost	(393.06)	76.47	-	-	76.47	(316.59)
Term Loan at Amortised Cost	(3.55)	2.93	-	-	2.93	(0.62)
	6,619.93	**954.65**	**-**	**-**	**954.65**	**7,574.59**

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

The components of income tax expense are as under	As at March 31, 2022	As at March 31, 2021
Current Tax	13,006.87	7,726.17
Adjustment in respect of current income tax of prior years	-	-
Deferred tax relating to origination and reversal of temporary differences	(1,237.62)	(955.38)
Total tax charge	**11,769.25**	**6,770.79**
Current Tax	13,006.87	7,726.17
Deferred tax	(1,237.62)	(955.38)

Income Tax recognised in Other comprehensive income	For the year ended March 31, 2022	For the year ended March 31, 2021
Income tax relating to items that will not be reclassified to profit or loss	(1.02)	0.73
Income tax relating to items that will be reclassified to profit or loss	1.61	-
Total income tax recognised in other comprehensive income (debit)	**0.59**	**0.73**

Current Tax Assets (net)

Particulars	As at March 31, 2022	As at March 31, 2021
Current Tax Assets (net of provision for income tax)	842.77	4,330.94

The reconciliation of estimated income tax expense at tax rate to income tax expense reported in profit or loss is as follows:

	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before tax	46,403.19	26,232.81
Applicable income tax rate (%)	25.17	25.17
Income tax expense calculated at applicable income tax rate	11,678.75	6,602.28
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Effect of income exempt from tax	-	-
Effect of expenses/provisions not deductible in determining taxable profit	-	-
Difference other than temporary in nature on account of tax benefits and others	90.50	168.51
Effects of income not considered as taxable on compliance of condition	-	-
Income tax for earlier year	-	-
Income tax expense recognised in profit and loss	**11,769.25**	**6,770.79**
Effective tax rate for the year	25.36%	25.81%

10 Property, Plant and Equipment

Particulars	Computers	Office equipment	Furniture & fixtures	Vehicles	Land and Building	Total
Cost:						
As at 1 April 2020	**344.61**	**10.43**	**10.43**	**42.51**	**4.50**	**412.48**
Additions	43.86	17.87	6.63	24.20	-	92.56
Disposals	-	-	-	-	-	-
As at 31 March 2021	**388.47**	**28.30**	**17.06**	**66.71**	**4.50**	**505.04**
Additions	259.68	16.82	57.40	44.03	-	377.93
Disposals	-	(0.10)	-	(42.51)	-	(42.61)
As at 31 March 2022	**648.15**	**45.02**	**74.46**	**68.23**	**4.50**	**840.36**

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	Computers	Office equipment	Furniture & fixtures	Vehicles	Land and Building	Total
Depreciation and impairment:						
As at 1 April 2020	**157.59**	**4.19**	**1.63**	**29.04**	**0.42**	**192.87**
Disposals	-	-	-	-	-	-
Depreciation charge for the period	96.83	3.86	1.42	11.90	0.08	114.09
As at 31 March 2021	**254.42**	**8.05**	**3.05**	**40.94**	**0.50**	**306.96**
Disposals	-	-	-	(42.51)	-	(42.51)
Depreciation charge for the period	136.53	6.40	4.07	14.72	0.08	161.80
As at 31 March 2022	**390.95**	**14.45**	**7.12**	**13.15**	**0.58**	**426.25**
Net book value:						
As at 31 March 2021	**134.05**	**20.25**	**14.01**	**25.77**	**4.00**	**198.08**
As at 31 March 2022	**257.21**	**30.56**	**67.34**	**55.08**	**3.92**	**414.11**

11 Other Intangible Assets

Particulars	Software	Total
Computer software		
Cost:		
As at 1 April 2020	**1,536.23**	**1,536.23**
Additions	157.15	157.15
Disposals	-	-
As at 31 March 2021	**1,693.38**	**1,693.38**
Additions	822.99	822.99
Disposals	-	-
As at 31 March 2022	**2,516.37**	**2,516.37**
Accumulative amortisation and impairment:		
As at 1 April 2020	**415.35**	**415.35**
Disposals	-	-
Amortisation charge for the period	315.86	315.86
As at 31 March 2021	**731.21**	**731.21**
Disposals	-	-
Amortisation charge for the period	464.51	464.51
As at 31 March 2022	**1,195.72**	**1,195.72**
Net book value Softwares:		
As at 31 March 2021	962.17	962.17
As at 31 March 2022	1,320.65	1,320.65
Intangible assets under development		
As at 31 March 2021	485.83	485.83
As at 31 March 2022	252.16	252.16

12 Other Non-Financial Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	755.59	142.41
Balances with government authorities		
- GST Input tax credit	282.01	214.30
Defined Benefit Asset		
- Gratuity	-	-
Total	**1,037.60**	**356.71**

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

13 Derivative financial instruments

Particulars	As at March 31, 2022			As at March 31, 2021		
	Notional amounts	Fair Value Assets	Fair Value Liabilities	Notional amounts	Fair Value Assets	Fair Value Liabilities
Part I						
(i) Currency derivatives:						
Spot and forwards	45,409.98	407.28	-	-	-	-
Subtotal (i)	**45,409.98**	**407.28**	**-**	**-**	**-**	**-**
(ii) Interest rate derivatives						
Forward Rate Agreements and Interest Rate swaps	-	-	-	-	-	-
Subtotal (ii)	-	-	-	-	-	-
Total Derivative Financial Instruments (i)+(ii)	**45,409.98**	**407.28**	**-**	**-**	**-**	**-**
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging:						
Currency derivatives	-	-	-	-	-	-
Interest Rate derivatives	-	-	-	-	-	-
Subtotal (i)	-	-	-	-	-	-
(ii) Cash flow hedging:						
Currency derivatives	45,409.98	407.28	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
Subtotal (ii)	**45,409.98**	**407.28**	**-**	**-**	**-**	**-**
(iii) Undesignated Derivatives						
Currency Swaps	-	-	-	-	-	-
Subtotal (iii)	-	-	-	-	-	-
Total Derivative Financial Instruments (i)+(ii)+(iii)	**45,409.98**	**407.28**	**-**	**-**	**-**	**-**

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes includes hedges that are meeting the hedge accounting requirements. The table shows that fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amounts indicate the value of transactions outstanding at the year and are not indicative of either the market risk or credit risk. For detailed policy refer Note 3.1.7. Refer disclosure Note 40 for purpose of derivatives.

14 Payables

Particulars	As at March 31, 2022	As at March 31, 2021
i) Trade Payables		
a) total outstanding dues to micro and small enterprises	18.62	3.73
b) total outstanding dues of creditors other than micro and small enterprises		
-Due to holding Company 'Axis Bank Limited'	61.09	40.23
-Due to others	348.78	96.27
ii) Other Payables		
a) total outstanding dues to micro and small enterprises	239.04	16.66
b) total outstanding dues of creditors other than micro and small enterprises	1,650.63	722.33
Total	**2,318.16**	**879.22**

No amount is due from directors or other officers of the Company either severally or jointly with any other person, or from firms or private companies respectively in which any director is a partner, a director or a member.

Note: For ageing please refer Note 66

Notes

forming part of financial statement for the year ended 31 March, 2022

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

15 Debt Securities

Particulars	As at March 31, 2022	As at March 31, 2021
At Amortised Cost (In India)		
Secured		
Non convertible debentures (NCD)	7,16,585.63	5,33,929.33
Unsecured		
Commercial paper	1,10,000.00	2,57,500.00
Less: Unamortised Discount	(1,372.43)	(2,531.32)
Total	**8,25,213.20**	**7,88,898.01**

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 of minimum 1 time cover.

Unsecured commercial paper carry interest @ 3.55% to 5.15%. In respect of commercial paper, maximum amount outstanding during the period was ₹ in Lakhs 2,99,342.09 (31 March 2021: 2,89,625.04).

Particulars of Secured non convertible debentures

Particulars	Face Value	Qty	Maturity date	As at March 31, 2022	As at March 31, 2021
0% AFL 19 Apr 2022 (Asset cover 1.0x)	10,00,000	250	19 April 2022	3,431.41	3,154.54
0% AFL 25 May 2022 (Asset cover 1.0x)	10,00,000	260	25 May 2022	3,568.65	3,280.70
0% AFL 19 Apr 2022 (Asset cover 1.0x)	10,00,000	500	19 April 2022	6,861.48	6,284.14
0% AFL 02 June 2022 (Asset cover 1.0x)	10,00,000	680	02 June 2022	8,744.02	8,043.79
0% AFL 19 Apr 2022 (Asset cover 1.0x)	10,00,000	590	19 April 2022	8,100.65	7,452.03
8.40% AFL 27 June 2023 (Asset cover 1.0x)	10,00,000	400	27 June 2023	4,251.17	4,249.95
0% AFL 03 Aug 2022 (Asset cover 1.0x)	10,00,000	450	03 August 2022	5,552.72	5,129.14
0% AFL 03 Aug 2022 (Asset cover 1.0x)	10,00,000	410	03 August 2022	5,064.77	4,693.61
8.30% AFL 06 Aug 2024 (Asset cover 1.0x)	10,00,000	50	06 August 2024	523.04	523.09
0% AFL 03 Nov 2022 (Asset cover 1.0x)	10,00,000	670	03 November 2022	7,956.97	7,394.35
7.35% AFL 30 June 2022 (Asset cover 1.0x)	10,00,000	260	30 June 2022	3,045.81	2,836.02
8.30% AFL 10 March 2023 (Asset cover 1.0x)	10,00,000	1800	10 March 2023	21,069.77	19,576.51
7.25% AFL 15 June 2023 (Asset cover 1.0x)	10,00,000	3300	15 June 2023	34,876.98	34,874.34
7.00% AFL 05 June 2023 (Asset cover 1.0x)	10,00,000	2000	05 June 2023	22,614.39	21,130.85
7.45% AFL 26 May 2023 (Asset cover 1.0x)	10,00,000	7750	26 May 2023	82,346.93	82,335.89
6.15% AFL 17 July 2023 (Asset cover 1.0x)	10,00,000	2000	17 July 2023	20,849.31	20,854.15
6.50% AFL 16 September 2024 (Asset cover 1.0x)	10,00,000	3000	16 September 2024	31,024.79	31,024.23
4.95% AFL 03 November 2022 (Asset cover 1.0x)	10,00,000	900	03 November 2022	9,177.23	9,175.92
0% AFL 14 December 2023 (Asset cover 1.0x)	10,00,000	600	14 December 2023	6,409.29	6,088.95
5% AFL 21 December 2022 (Asset cover 1.0x)	10,00,000	4000	21 December 2022	40,534.36	40,529.22
5.35% AFL 15 September 2022 (Asset cover 1.0x)	10,00,000	1500	15 September 2022	15,880.38	15,071.25
0% AFL 27 Apr 2021 (Asset cover 1.0x)	10,00,000	800	27 April 2021	-	10,229.61
0% AFL 12 April 2021 (Asset cover 1.0x)	10,00,000	500	12 April 2021	-	6,393.62
0% AFL 10 May 2021 (Asset cover 1.0x)	10,00,000	500	10 May 2021	-	6,876.25
0% AFL 12 April 2021 (Asset cover 1.0x)	10,00,000	250	12 April 2021	-	3,196.78
0% AFL 7 April 2021 (Asset cover 1.0x)	10,00,000	1400	07 April 2021	-	14,550.83
0% AFL 27 Apr 2021 (Asset cover 1.0x)	10,00,000	250	27 April 2021	-	3,196.69
0% AFL 27 May 2021 (Asset cover 1.0x)	10,00,000	500	27 May 2021	-	6,379.31
0% AFL 16 Apr 2021 (Asset cover 1.0x)	10,00,000	500	16 April 2021	-	6,379.36
0% AFL 12 April 2021 (Asset cover 1.0x)	10,00,000	410	12 April 2021	-	5,242.83
0% AFL 27 April 2021 (Asset cover 1.0x)	10,00,000	750	27 April 2021	-	9,590.52
7.942% AFL 7 April 2021 (Asset cover 1.0x)	10,00,000	100	07 April 2021	-	1,017.22

Notes

forming part of financial statement for the year ended 31 March, 2022

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

Particulars	Face Value	Qty	Maturity date	As at March 31, 2022	As at March 31, 2021
0% AFL 10 May 2021 (Asset cover 1.0x)	10,00,000	700	10 May 2021	-	8,479.31
0% AFL 7 April 2021 (Asset cover 1.0x)	10,00,000	200	07 April 2021	-	5,925.36
0% AFL 13 Jul 2021 (Asset cover 1.0x)	10,00,000	260	13 July 2021	-	3,279.20
0% AFL 27 May 2021 (Asset cover 1.0x)	10,00,000	750	27 May 2021	-	9,559.59
0% AFL 14 June 2021 (Asset cover 1.0x)	10,00,000	250	14 June 2021	-	3,163.91
0% AFL 14 June 2021 (Asset cover 1.0x)	10,00,000	250	14 June 2021	-	3,164.39
0% AFL 06 July 2021 (Asset cover 1.0x)	10,00,000	715	06 July 2021	-	8,942.59
0% AFL 14 June 2021 (Asset cover 1.0x)	10,00,000	1273	14 June 2021	-	16,128.24
0% AFL 31 August 2021 (Asset cover 1.0x)	10,00,000	1400	31 August 2021	-	17,371.29
0% AFL 13 July 2021 (Asset cover 1.0x)	10,00,000	50	13 July 2021	-	630.61
5.80% AFL 17 March 2023 (Asset cover 1.0x)	10,00,000	1050	17 March 2023	10,519.68	10,518.25
5.80% AFL 24 March 2023 (Asset cover 1.0x)	10,00,000	4000	24 March 2023	40,029.85	40,010.90
0% AFL 30 April 2023 (Asset cover 1.0x)	10,00,000	2500	30 April 2023	23,580.27	-
3Yr FRB AFL 24 May 2024 (Asset cover 1.0x)	10,00,000	5000	24 May 2024	52,453.66	-
5.72% AFL 21 June 2024 (Asset cover 1.0x)	10,00,000	1500	21 June 2024	15,651.91	-
7.27% AFL 26 June 2031 (Asset cover 1.0x)	10,00,000	1240	26 June 2031	13,063.67	-
0% AFL 3 November 2022 (Asset cover 1.0x)	10,00,000	900	03 November 2022	9,284.24	-
5.75% AFL 9 September 2024 (Asset cover 1.1x)	10,00,000	1700	09 September 2024	17,533.80	-
6.55% AFL 22 September 2026 (Asset cover 1.0x)	10,00,000	1700	22 September 2026	17,532.61	-
6.10% AFL 29 September 2025 (Asset cover 1.1x)	10,00,000	1250	29 September 2025	12,874.16	-
6.80% AFL 18 November 2026 (Asset cover 1.1x)	10,00,000	4000	18 November 2026	40,951.07	-
5.95% AFL 24 November 2024 (Asset cover 1.0x)	10,00,000	1000	24 November 2024	10,190.59	-
6.05% AFL 17 December 2024 (Asset cover 1.1x)	10,00,000	5000	17 December 2024	50,830.45	-
6.30% AFL 25 February 2025 (Asset cover 1.1x)	10,00,000	3500	25 February 2025	35,206.05	-
6.80% AFL 30 March 2026 (Asset cover 1.1x)	10,00,000	2500	30 March 2026	24,999.50	-
Total		**80018**		**7,16,585.63**	**5,33,929.33**

Particulars of Commercial Paper

Maturity date	Face Value	Qty	As at March 31, 2022	As at March 31, 2021
08 June 2022	5,00,000	3,000	15,000.00	-
26 May 2022	5,00,000	2,000	10,000.00	-
26 May 2022	5,00,000	400	2,000.00	-
26 May 2022	5,00,000	100	500.00	-
20 April 2022	5,00,000	4,000	20,000.00	-
09 February 2023	5,00,000	500	2,500.00	-
13 May 2022	5,00,000	4,500	22,500.00	-
09 September 2022	5,00,000	5,000	25,000.00	-
24 November 2022	5,00,000	2,500	12,500.00	-
22 April 2021	5,00,000	5,000	-	25,000.00
06 May 2021	5,00,000	4,000	-	20,000.00
14 May 2021	5,00,000	1,500	-	7,500.00
20 May 2021	5,00,000	4,000	-	20,000.00
03 June 2021	5,00,000	5,000	-	25,000.00
04 June 2021	5,00,000	6,000	-	30,000.00
08 June 2021	5,00,000	4,000	-	20,000.00
19 July 2021	5,00,000	4,000	-	20,000.00
31 July 2021	5,00,000	6,000	-	30,000.00
15 September 2021	5,00,000	3,000	-	15,000.00
17 September 2021	5,00,000	3,000	-	15,000.00
24 September 2021	5,00,000	6,000	-	30,000.00
Total		**73,500**	**1,10,000.00**	**2,57,500.00**

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

16 Borrowings (Other than debt securities)

Particulars	As at March 31, 2022	As at March 31, 2021
At Amortised Cost (In India)		
Secured		
Loan from related party	23,571.42	9,997.21
Loan from other Banks	4,79,979.81	1,04,483.52
Foreign currency term loan from bank	45,905.43	-
Total	**5,49,456.66**	**1,14,480.73**

Secured

1. Term Loan amounting to ₹ in Lakhs 5,49,456.66, (31 March 2021: 1,14,480.73) 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 @ 5.25% to 7.40%.

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

Quarterly expected repayments	Amount
30 June 2022	46,551.87
30 September 2022	48,463.40
31 December 2022	24,068.90
31 March 2023	23,964.73
30 September 2023	60,846.13
31 March 2024	66,473.06
30 September 2024	64,060.42
31 March 2025	62,185.42
30 September 2025	53,531.70
31 March 2026	43,172.51
30 September 2026	36,297.51
31 March 2027	19,841.01
	5,49,456.66

17 Subordinated Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
At Amortised Cost (In India)		
Unsecured		
Subordinated debt (Non-convertible debentures)	98,956.16	59,990.04
Total	**98,956.16**	**59,990.04**

Particulars of Unsecured non convertible debentures

Particulars	Face Value	Qty	Maturity date	As at March 31, 2022	As at March 31, 2021
8.08% AFL 14 Sep 2027	10,00,000	1000	14th September 2027	10,413.75	10,411.80
8.50% AFL 11 May 2027	10,00,000	2000	11th May 2027	21,467.43	21,463.16
8.80% AFL Sub Debt 5 August 2026	10,00,000	2000	5th August 26	21,077.43	21,068.84
7.45% AFL 14 February 2031	10,00,000	700	14th February 2031	7,047.01	7,046.24
7.40 Sub Debt 10 June 2031	10,00,000	1000	10th June 2031	10,572.66	-
7.90% Perpetual Debt 31 August 2031	1,00,00,000	150	31st August 2031	15,653.28	-
7.42% AFL Subordinated Tier-II 5 December 2031	1,00,00,000	75	5th December 2031	7,656.27	-
7.76% Perpetual Debt 31 December 2031	1,00,00,000	50	31st December 2031	5,068.33	-
Total				**98,956.16**	**59,990.04**

(In case of Perpetual Debt, reference of call option date is given)

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

18 Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Advances from customers	1,536.17	1,393.15
Other financial liabilities*	27,066.66	5,729.66
Total	**28,602.83**	**7,122.81**

(*This also includes book overdraft amounting to ₹ 19,966.48 Lakhs, Previous year: NIL)

19 Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
- Provision for gratuity	27.69	49.60
- Employee benefit payable	1,958.79	1,250.00
Total	**1,986.48**	**1,299.60**

20 Other non-financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Processing fees received for undrawn loans	980.21	1,300.99
Undisputed statutory dues	964.16	545.32
Total	**1,944.37**	**1,846.31**

21 Equity share capital

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised Capital		
1,00,00,00,000 (31 March 2021: 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:		
53,85,12,500 (31 March 2021: 48,22,50,000) equity shares of ₹10/- each	53,851.25	48,225.00
	53,851.25	**48,225.00**

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

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	48,22,50,000.00	48,22,50,000.00
Issued during the year	5,62,62,500.00	-
Reductions during the year	-	-
Balance at the end of the year	**53,85,12,500.00**	**48,22,50,000.00**

(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, 2022	As at March 31, 2021
Axis Bank Limited (the holding Company) and its Nominees		
53,85,12,500 (31 March 2021: 48,22,50,000) equity shares of ₹ 10/- each	53,851.25	48,225.00

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

Name of shareholder	As at March 31, 2022 % of Holding	As at March 31, 2021 % of Holding
Equity shares of ₹ 10 each fully paid		
Axis Bank Limited (the holding Company) and its Nominees	100%	100%

(f) The Board of director has not recommended any dividend to shareholders for the year ended 31 March, 2022 (31 March, 2021: NIL).

22 Other equity

Particulars	As at March 31, 2022	As at March 31, 2021
Securities Premium		
Balance at the beginning of the year	28,217.50	28,217.50
Add:- Addition during the year	34,320.16	-
Less:- Utilization during the year against share issue expense	(2.02)	-
Balance at the end of the year	**62,535.64**	**28,217.50**
Statutory Reserve u/s 45-IC of RBI Act, 1934		
Balance at the beginning of the year	25,054.00	20,831.00
Add:- Addition during the year	6,930.00	4,223.00
Balance at the end of the year	**31,984.00**	**25,054.00**
Deemed Capital Contribution		
Balance at the beginning of the year	865.68	539.07
Add:- Addition during the year	284.63	326.61
Balance at the end of the year	**1,150.31**	**865.68**
Retained Earnings		
Balance at the beginning of the year	41,888.44	26,649.42
Total Comprehensive income for the year	34,633.94	19,462.02
Less:- Final Dividend	-	-
Less:- Dividend distribution tax on final dividend	-	-
Less:- Transfer to statutory reserve	(6,930.00)	(4,223.00)
Balance at the end of the year	**69,592.38**	**41,888.44**
Other Comprehensive Income (OCI)		
Remeasurement of Post Employment Benefit		
Balance at the beginning of the year	(35.61)	(37.77)
Add:- Addition during the year	(3.04)	2.16
Balance at the end of the year	**(38.65)**	**(35.61)**
Cash Flow Hedge Reserve		
Balance at the beginning of the year	-	-
Add:- Addition during the year	4.78	-
Balance at the end of the year	**4.78**	**-**
Other Comprehensive Income (OCI)	**(33.87)**	**(35.61)**
General Reserves		
Balance at the beginning of the year	33.04	33.04
Add:- Addition during the year	-	-
Balance at the end of the year	**33.04**	**33.04**
Total	**1,65,261.50**	**96,023.05**

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Security Premium

Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

Statutory Reserve u/s 45-IC of RBI Act

Reserve fund is created as per the terms of section 45-IC(1) of the Reserve Bank of India Act, 1934 as a statutory reserve.

Deemed Capital Contribution

The Company select employees receive shares of Axis Bank Limited and the company subsequently did not have obligation to settle the award, the award was treated as Equity settled plan till 30 June 2021. Company recognized an expense for the grant date fair value of award over the vesting year and corresponding credit as "Deemed Capital Contribution" by parent. Company will continue to do so for all grants awarded till 31 March 2020.

With effect from 1 July 2021, the Company has changed accounting during the year for ESOPs granted by Axis Bank Limited (the "Holding Company") to certain employees of the Company during the current financial year. During the year ended March 31, 2022, the Holding Company has decided to recover the cost of such options from the Company. Accordingly, the Company has recorded an expense of ₹ 311.97 (Lakhs) for current financial year, under employee benefit expense during the year ended March 31, 2022.

Debenture Redemption Reserve

Debenture Redemption Reserve has not been created as the Company has issued its Non convertible debentures through private placement.

Retained Earnings

Retained earnings represents the surplus in Profit and Loss Account and appropriations.

Cash Flow Hedges Reserve

It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

23 Interest Income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on Loans (at amortised cost)	1,39,154.81	98,981.72
Interest income from investments (at amortised cost)	5,497.77	2,490.05
Interest income from investments (FVTPL)	202.25	-
Interest on Deposit	86.99	17.38
Interest on Lease Deposit	10.93	4.85
Total	**1,44,952.75**	**1,01,494.00**

23a Fees and commission Income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cheque / NACH Bouncing Charges	58.27	17.52
Pre/Part payment Charges	28.34	7.57
Foreclosure Charges	410.93	57.65
Commission Income	-	33.67
Others	127.40	6.37
Total	**624.94**	**122.78**

24 Net gain on fair value changes

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net gain on fair value changes	2,434.74	1,299.69
Total	**2,434.74**	**1,299.69**

Notes

forming part of financial statement for the year ended 31 March, 2022

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

25 Finance Costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on borrowings	17,707.68	6,570.18
Interest on debt securities	35,998.07	28,448.54
Amortisation of discount on commercial paper	8,671.57	9,259.63
Interest on subordinated liabilities	6,338.84	4,326.50
Other Finance expense	502.30	372.00
Total	**69,218.46**	**48,976.85**

26 Impairment on financial instruments

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Loans (Refer Note No. 38)	7,412.30	11,951.75
Investments	(119.20)	176.24
Trade Receivables	(5.27)	(6.85)
Total	**7,287.83**	**12,121.14**

27 Employee Benefits Expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and wages	12,257.86	8,205.60
Employee Stock Option (Refer Note 3.11)	596.60	326.61
Contribution to provident and other funds	440.59	310.27
Gratuity expenses	99.02	45.40
Staff welfare expenses	101.05	2.62
Total	**13,495.12**	**8,890.50**

28 Depreciation, amortization and impairment

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Property, plant and equipment	161.83	114.03
Other Intangible assets	464.51	315.86
Right-of-use assets	392.93	151.27
Total	**1,019.27**	**581.16**

29 Other expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Rent, Rates and Taxes	216.20	279.44
Electricity expenses	69.24	58.72
Repairs and maintenance	186.91	245.72
Printing and stationery	39.86	19.60
Travelling and conveyance	357.46	148.33
Legal and Professional charges	2,038.11	1,320.67
CSR expenditure (Refer Note 78)	552.12	590.91
Director sitting fees	62.50	48.00
Auditor Remuneration (Refer Note 79)	65.00	55.50
Telephone and internet expenses	82.71	54.91
Business promotion	20.55	44.41
Rates & taxes	12.24	9.70

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Royalty charges	226.05	154.17
Service charges	238.42	118.44
Office expenses	206.38	141.45
GST Expense out (50% of input credit)	1,078.93	449.76
Subscription Exps	194.13	139.09
DSA Commission	7,109.90	1,884.28
Collection agency payout	75.74	197.71
Waiver Write off charges	84.23	1.83
Miscellaneous expenses	726.89	151.37
Total	**13,643.57**	**6,114.01**

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

A) Loans and Advances

(i) Loans and advances (at amortised cost)

Particulars	As at March 31, 2022	As at March 31, 2021
Total - Gross	**16,37,265.90**	**10,32,854.23**
Less: Impairment loss allowance	27,975.99	23,634.72
Total - Net	**16,09,289.91**	**10,09,219.51**
a) Secured by tangible assets	13,58,430.75	8,99,230.16
b) Unsecured	2,78,835.15	1,33,624.07
Total - Gross	**16,37,265.90**	**10,32,854.23**
Less: Impairment loss allowance	27,975.99	23,634.72
Total - Net	**16,09,289.91**	**10,09,219.51**

Note: Facilities covered by ECLGS are clubbed according to nature of the parent loan.

(ii) Credit quality of assets (Refer Note 40 for credit quality)

Particulars	As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	15,88,933.13	13,391.58	-	**16,02,324.71**
Non Performing				
Indivdually Impaired	-	-	6,965.20	6,965.20
Total	**15,88,933.13**	**13,391.58**	**6,965.20**	**16,09,289.91**

Particulars	As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	9,68,516.40	20,293.86	-	**9,88,810.26**
Non Performing				
Indivdually Impaired	-	-	20,409.25	20,409.25
Total	**9,68,516.40**	**20,293.86**	**20,409.25**	**10,09,219.51**

Notes

forming part of financial statement for the year ended 31 March, 2022

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

(iii) Reconciliation of Gross carrying amount-loans

Particulars	For the year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	9,78,741.91	22,593.62	31,518.70	**10,32,854.23**
New assets originated (refer note 1 below)	10,73,810.34	2,309.57	210.39	**10,76,330.30**
Assets repaid (excluding write offs)	(4,56,491.26)	(5,926.06)	(6,453.76)	**(4,68,871.08)**
Transfers to Stage 1	25,261.78	(20,688.75)	(4,573.03)	**-**
Transfers to Stage 2	(17,121.91)	18,296.38	(1,174.47)	**-**
Transfers to Stage 3	(2,225.42)	(1,691.55)	3,916.97	**-**
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	**-**
Amounts written off	-	-	(3,047.55)	**(3,047.55)**
Gross carrying amount closing balance	**16,01,975.43**	**14,893.22**	**20,397.25**	**16,37,265.90**

Particulars	For the year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	7,30,831.10	8,961.30	35,192.85	**7,74,985.25**
New assets originated (refer note 1 below)	5,84,081.40	271.18	113.17	**5,84,465.75**
Assets repaid (excluding write offs)	(3,06,502.13)	(8,338.38)	(2,975.33)	**(3,17,815.84)**
Transfers to Stage 1	79.09	(71.70)	(7.39)	**-**
Transfers to Stage 2	(27,253.96)	27,254.10	(0.14)	**-**
Transfers to Stage 3	(2,493.59)	(5,482.88)	7,976.47	**-**
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	**-**
Amounts written off	-	-	(8,780.93)	**(8,780.93)**
Gross carrying amount closing balance	**9,78,741.91**	**22,593.62**	**31,518.70**	**10,32,854.23**

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 (ECL)/allowance

Particulars	For the year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	10,225.50	2,299.77	11,109.45	**23,634.72**
New assets originated or purchased	6,573.56	232.19	210.40	**7,016.15**
Assets derecognised or repaid (excluding write offs)	(3,521.39)	(32.05)	4,327.53	**774.09**
Transfers to Stage 1	3,492.59	(2,078.23)	(1,414.36)	**-**
Transfers to Stage 2	(217.78)	335.23	(117.45)	**-**
Transfers to Stage 3	(34.53)	(189.32)	223.85	**-**
Impact on year end ECL of exposures transferred between stages during the year	(3,475.62)	934.04	2,140.16	**(401.42)**
Amounts written off	-	-	(3,047.55)	**(3,047.55)**
ECL allowance - closing balance	**13,042.33**	**1,501.63**	**13,432.03**	**27,975.99**

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

(iv) Reconciliation of Expected Credit Loss (ECL)/allowance (contd.)

Particulars	For the year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	8,678.91	1,153.15	10,608.87	**20,440.93**
New assets originated or purchased*	4,085.04	27.33	60.32	**4,172.69**
Assets derecognised or repaid (excluding write offs)	(2,075.05)	(209.25)	2,415.61	**131.31**
Transfers to Stage 1	19.31	(14.37)	(4.94)	**-**
Transfers to Stage 2	(425.64)	425.73	(0.09)	**-**
Transfers to Stage 3	(37.84)	(695.76)	733.60	**-**
Impact on year end ECL of exposures transferred between stages during the year	(19.23)	1,612.94	576.52	**2,170.23**
Amounts written off	-	-	(3,280.44)	**(3,280.44)**
ECL allowance - closing balance	**10,225.50**	**2,299.77**	**11,109.45**	**23,634.72**

*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 40 for credit quality)

Particulars	For the year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	1,47,456.13	-	-	**1,47,456.13**
Non Performing				
Indivdually Impaired	-	-	-	**-**
Total	**1,47,456.13**	**-**	**-**	**1,47,456.13**

Particulars	As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	1,33,002.40	78.56	-	**1,33,080.96**
Non Performing				
Indivdually Impaired	-	-	-	**-**
Total	**1,33,002.40**	**78.56**	**-**	**1,33,080.96**

(vi) Undrawn commitment - Gross carrying amount

Particulars	For the year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,33,002.40	78.56	-	**1,33,080.96**
New assets originated	90,803.28	-	-	**90,803.28**
Assets derecognised or repaid (excluding write offs)	(75,987.22)	(78.56)	(10.12)	**(76,075.90)**
Transfers to Stage 1	0.02	-	-	**0.02**
Transfers to Stage 2	(355.71)	-	-	**(355.71)**
Transfers to Stage 3	(6.64)	-	10.12	**3.48**
Amounts written off	-	-	-	**-**
Gross carrying amount closing balance	**1,47,456.13**	**-**	**-**	**1,47,456.13**

Notes

forming part of financial statement for the year ended 31 March, 2022

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

(vi) Undrawn commitment - Gross carrying amount (contd.)

Particulars	For the year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,04,558.83	244.47	-	**1,04,803.30**
New assets originated	72,157.71	-	-	**72,157.71**
Assets derecognised or repaid (excluding write offs)	(43,326.96)	(1.97)	(551.12)	**(43,880.05)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	(80.53)	80.53	-	**-**
Transfers to Stage 3	(306.65)	(244.47)	551.12	**-**
Amounts written off	-	-	-	**-**
Gross carrying amount closing balance	**1,33,002.40**	**78.56**	**-**	**1,33,080.96**

B) Investments

(i) Investments (at amortised cost)

Particulars	Amortised Cost	Fair Value Through Profit & Loss	Total
As at March 31, 2022			
Investment in Short Term Securities	20,000.00	-	**20,000.00**
Debt Securities	24,721.49	-	**24,721.49**
Government Securities	44,314.06	-	**44,314.06**
Total Gross	**89,035.55**	**-**	**89,035.55**
Less: Impairment loss allowance	111.72	-	**111.72**
Total	**88,923.83**	**-**	**88,923.83**
As at March 31, 2021			
Mutual Fund Investments	-	15,000.61	**15,000.61**
Debt Securities	30,670.85	-	**30,670.85**
Government Securities	44,277.03	-	**44,277.03**
Total Gross	**74,947.88**	**15,000.61**	**89,948.49**
Less: Impairment loss allowance	230.92	-	**230.92**
Total	**74,716.96**	**15,000.61**	**89,717.57**

(ii) Credit quality of assets (Refer Note 40 for credit quality)

Particulars	For the year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	88,923.83	-	-	**88,923.83**
Non Performing				
Indivdually Impaired	-	-	-	**-**
Total	**88,923.83**	**-**	**-**	**88,923.83**

Particulars	As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	74,716.96	-	-	**74,716.96**
Non Performing				
Indivdually Impaired	-	-	-	**-**
Total	**74,716.96**	**-**	**-**	**74,716.96**

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

(iii) Changes in Gross carrying amount

Particulars	For the year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	74,947.88	-	-	**74,947.88**
New assets originated	8,999.02	-	-	**8,999.02**
Assets repaid (excluding write offs)	5,088.65	-	-	**5,088.65**
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	**89,035.55**	**-**	**-**	**89,035.55**

Particulars	For the year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	9,082.60	-	-	**9,082.60**
New assets originated	69,440.72	-	-	**69,440.72**
Assets repaid (excluding write offs)	(3,575.44)	-	-	**(3,575.44)**
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	**74,947.88**	**-**	**-**	**74,947.88**

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

Particulars	For the year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	230.92	-	-	**230.92**
New assets originated	1.67	-	-	**1.67**
Effect of change in estimate/ repayment	(26.23)	-	-	**(26.23)**
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	-	-	-	**-**
Changes to models and inputs used for ECL calculations	(94.64)	-	-	**(94.64)**
Amounts written off	-	-	-	**-**
ECL allowance - closing balance	**111.72**	**-**	**-**	**111.72**

Particulars	For the year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	54.67	-	-	**54.67**
New assets originated	28.06	-	-	**28.06**
Effect of change in estimate/ repayment	(52.87)	-	-	**(52.87)**
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	-	-	-	**-**
Changes to models and inputs used for ECL calculations	201.06	-	-	**201.06**
Amounts written off	-	-	-	**-**
ECL allowance - closing balance	**230.92**	**-**	**-**	**230.92**

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

C) Trade Receivables

(i) Trade Receivables

Particulars	March 31, 2022	March 31, 2021
Unsecured considered good	601.98	524.93
Less: Provision for impairment	-	5.27
Total - Net	**601.98**	**519.66**

(ii) Credit quality of assets (Refer Note 40 for credit quality)

Particulars	For the year ended March 31, 2022				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
Performing					
Standard	601.98	-	-	-	**601.98**
Non Performing					
Indivdually Impaired	-	-	-	-	**-**
Total	**601.98**	**-**	**-**	**-**	**601.98**

Particulars	As at March 31, 2021				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
Performing					
Standard	282.64	9.47	-	227.55	**519.66**
Non Performing					
Indivdually Impaired	-	-	-	-	**-**
Total	**282.64**	**9.47**	**-**	**227.55**	**519.66**

(iii) Changes in Gross carrying amount

Particulars	For the year ended March 31, 2022				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
Gross carrying amount opening balance	286.09	11.29	-	227.55	**524.93**
New assets originated (refer note 1 below)	601.98	-	-	-	**601.98**
Assets repaid (excluding write offs)	(286.09)	(11.29)	-	(227.55)	**(524.93)**
Transfers to Stage 1	-	-	-	-	**-**
Transfers to Stage 2	-	-	-	-	**-**
Transfers to Stage 3	-	-	-	-	**-**
Amounts written off	-	-	-	-	**-**
New asset as per Simplified approach	-	-	-	-	**-**
Gross carrying amount closing balance	**601.98**	**-**	**-**	**-**	**601.98**

Particulars	As at March 31, 2021				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
Gross carrying amount opening balance	135.45	55.94	16.71	486.81	**694.91**
New assets originated (refer note 1 below)	286.09	11.29	-	-	**297.38**
Assets repaid (excluding write offs)	(135.45)	(55.94)	(16.71)	(486.81)	**(694.91)**
Transfers to Stage 1	-	-	-	-	**-**
Transfers to Stage 2	-	-	-	-	**-**
Transfers to Stage 3	-	-	-	-	**-**
Amounts written off	-	-	-	-	**-**
New asset as per Simplified approach	-	-	-	227.55	**227.55**
Gross carrying amount closing balance	**286.09**	**11.29**	**-**	**227.55**	**524.93**

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

Notes

forming part of financial statement for the year ended 31 March, 2022

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

(iv) Reconciliation of Expected Credit Loss balance

Particulars	For the year ended March 31, 2022				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
ECL allowance - opening balance	3.45	1.82	-	-	**5.27**
New assets originated (refer note 1 below)	-	-	-	-	**-**
Effect of change in estimate/ repayment	(3.45)	(1.82)	-	-	**(5.27)**
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	**-**	**-**	**-**	**-**	**-**

Particulars	As at March 31, 2021				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
ECL allowance - opening balance	1.17	0.09	10.86	-	**12.12**
New assets originated	3.45	1.82	-	-	**5.27**
Effect of change in estimate/ repayment	(1.17)	(0.09)	(10.86)	-	**(12.12)**
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	**3.45**	**1.82**	**-**	**-**	**5.27**

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, 2022							
	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	18,172.96	-	46,350.18	-	(28,177.21)	18,172.96	-	11,559.60
b) Retail Loans	2,224.28	-	1,580.12	-	-	1,580.12	644.17	1,872.44
Total	**20,397.24**	**-**	**47,930.30**	**-**	**(28,177.21)**	**19,753.08**	**644.17**	**13,432.04**

Type of Collateral and Credit Enhancement	As at March 31, 2021							
	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	30,520.84	1,458.70	57,292.10	-	(28,229.96)	30,520.84	-	10,329.05
b) Retail Loans	997.86	-	334.11	-	-	334.11	663.75	780.39
Total	**31,518.70**	**1,458.70**	**57,626.21**	**-**	**(28,229.96)**	**30,854.95**	**663.75**	**11,109.44**

Notes

forming part of financial statement for the year ended 31 March, 2022

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

31. 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, 2022						
	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							
Derivative financial instruments	-	407.28	407.28	-	407.28	-	407.28
Receivables	-	601.98	601.98	-	-	601.98	601.98
Loans	-	16,09,289.91	16,09,289.91			16,09,289.91	16,09,289.91
Investments	-	88,923.83	88,923.83	64,314.05	24,609.79	-	88,923.83
Other financial assets	-	1,075.45	1,075.45	-	-	1,075.45	1,075.45
Total	**-**	**17,00,298.45**	**17,00,298.45**	**64,314.05**	**25,017.06**	**16,10,967.34**	**17,00,298.45**
Financial liabilities							
Payables		2,318.16	2,318.16			2,318.16	2,318.16
Debt securities	-	8,25,213.20	8,25,213.20	-	8,25,213.20	-	8,25,213.20
Borrowings (Other than debt securities)	-	5,49,456.66	5,49,456.66	-	-	5,49,456.66	5,49,456.66
Subordinated Liabilities	-	98,956.16	98,956.16	-	98,956.16		98,956.16
Lease Liabilities	-	2,612.55	2,612.55	-	-	2,612.55	2,612.55
Other financial liabilities	-	28,602.83	28,602.83	-	-	28,602.83	28,602.83
Total	**-**	**15,07,159.56**	**15,07,159.56**	**-**	**9,24,169.36**	**5,82,990.20**	**15,07,159.56**

Particulars	As at March 31, 2021						
	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							
Derivative financial instruments	-	-	-	-	-	-	-
Receivables	-	519.66	519.66	-	-	519.66	519.66
Loans	-	10,09,219.51	10,09,219.51	-	-	10,09,219.51	10,09,219.51
Investments	15,000.61	74,716.96	89,717.57	59,277.64	23,472.48	6,967.45	89,717.57
Other financial assets	-	219.44	219.44	-	-	219.44	219.44
Total	**15,000.61**	**10,84,675.57**	**10,99,676.18**	**59,277.64**	**23,472.48**	**10,16,926.06**	**10,99,676.18**
Financial liabilities							
Payables	-	879.22	879.22	-	-	879.22	879.22
Debt securities	-	7,88,898.01	7,88,898.01		7,88,898.01		7,88,898.01
Borrowings (Other than debt securities)	-	1,14,480.73	1,14,480.73	-	-	1,14,480.73	1,14,480.73
Subordinated Liabilities	-	59,990.04	59,990.04		59,990.04		59,990.04
Lease Liabilities	-	1,749.08	1,749.08	-	-	1,749.08	1,749.08
Other financial liabilities	-	7,122.81	7,122.81	-	-	7,122.81	7,122.81
Total	**-**	**9,73,119.89**	**9,73,119.89**	**-**	**8,48,888.06**	**1,24,231.84**	**9,73,119.89**

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

Notes

forming part of financial statement for the year ended 31 March, 2022

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

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

Valuation principles

Fair value 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., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

Level 1:

Units held in mutual funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions.

Level 2:

Fair value of debt securities, borrowings other than debt securities and subordinated liabilities have been estimated by discounting expected future cash flows discounting rate near to report date based on comparable rate / market observable data.

Level 3:

Fair value of loans have estimated by discounting expected future cash flows using discount rate equal to the rate near to the reporting date of the comparable product.

32. Maturity analysis of assets and liabilities

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial Assets						
Cash and cash equivalents	14,585.53	-	14,585.53	5,067.80	-	5,067.80
Bank Deposits other than Cash and cash equivalents	183.13	-	183.13	-	174.53	174.53
Derivative financial instruments	407.28	-	407.28	-	-	-
Receivables	601.98	-	601.98	519.66	-	519.66
Loans	3,35,415.41	12,73,874.50	16,09,289.91	2,20,540.27	7,88,679.24	10,09,219.51
Investments	21,599.67	67,324.16	88,923.83	76,107.07	13,610.50	89,717.57
Other financial assets	704.00	371.45	1,075.45	39.53	179.91	219.44
Sub-total-Financial assets	**3,73,497.00**	**13,41,570.11**	**17,15,067.11**	**3,02,274.33**	**8,02,644.18**	**11,04,918.51**
Non-Financial Assets						
Current Tax Assets (net)	-	842.77	842.77	-	4,330.94	4,330.94
Deferred Tax Assets (net)	-	8,811.62	8,811.62	-	7,574.59	7,574.59
Property, plant and equipment	-	414.11	414.11	-	198.08	198.08
Intangible assets under development		252.16	252.16	-	485.83	485.83
Other Intangible Assets	-	1,320.65	1,320.65	-	962.17	962.17
Right-of-use assets	-	2,457.14	2,457.14	-	1,687.01	1,687.01
Other non-financial assets	1,037.60	-	1,037.60	320.37	36.34	356.71
Sub-total-Non-financial assets	**1,037.60**	**14,098.45**	**15,136.05**	**320.37**	**15,274.96**	**15,595.33**
Total - Assets	**3,74,534.60**	**13,55,668.56**	**17,30,203.16**	**3,02,594.70**	**8,17,919.14**	**11,20,513.84**

Notes

forming part of financial statement for the year ended 31 March, 2022

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

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
LIABILITIES AND EQUITY						
LIABILITIES						
Financial Liabilities						
Payables						
a) total outstanding dues to micro and small enterprises	257.66	-	257.66	20.39	-	20.39
b) total outstanding dues of creditors other than micro and small enterprises	2,060.50	-	2,060.50	858.83	-	858.83
Debt securities	3,19,743.56	5,05,469.64	8,25,213.20	4,17,857.19	3,71,040.82	7,88,898.01
Borrowings (Other than debt securities)	1,43,636.75	4,05,819.91	5,49,456.66	44,451.22	70,029.51	1,14,480.73
Subordinated Liabilities	-	98,956.16	98,956.16	-	59,990.04	59,990.04
Lease Liabilities	-	2,612.55	2,612.55	173.29	1,575.79	1,749.08
Other financial liabilities	28,602.83	-	28,602.83	7,122.79	0.02	7,122.81
Sub-total-Financial liabilities	**4,94,301.30**	**10,12,858.26**	**15,07,159.56**	**4,70,483.71**	**5,02,636.18**	**9,73,119.89**
Non-Financial liabilities						
Provisions	1,986.48	-	1,986.48	1,299.60	-	1,299.60
Other non-financial liabilities	1,944.37	-	1,944.37	1,300.99	545.32	1,846.31
Sub-total-Non-financial liabilities	**3,930.85**	**-**	**3,930.85**	**2,600.59**	**545.32**	**3,145.89**
Total Liablities	**4,98,232.15**	**10,12,858.26**	**15,11,090.41**	**4,73,084.30**	**5,03,181.50**	**9,76,265.79**

33 Estimated amount of contracts remaining to be executed on capital account ₹ 1,148.95 Lakhs (Previous Year ₹ 506.48 Lakhs).

34 There is a contingent liability ₹ 70.87 Lakhs as at March 31, 2022 (Previous year ₹ 70.87 Lakhs).

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

Particulars		For the year ended March 31, 2022	For the year ended March 31, 2021
Basic			
Profit after tax as per Statement of Profit and Loss	A	34,633.94	19,462.02
Weighted Average Number of Shares	B	48,90,32,329	48,22,50,000
Face value per share		10	10
Basic Earnings per share	A/B	7.08	4.04
Diluted			
Adjusted Profit after tax	C	34,633.94	19,462.02
Weighted Average Number of Shares	D	48,90,32,329	48,22,50,000
Face value per share		10	10
Diluted Earnings per share	C/D	7.08	4.04

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

36 Related Parties disclosure:

Disclosure pursuant to Ind AS 24 – "Related Party Disclosures":
List of Related Parties:-

Holding Company

Axis Bank Limited ('ABL')

Fellow subsidiary

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')

Subsidiary of Fellow subsidiary companies

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

Key management personnel

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

Transactions with related parties

Nature of transactions	Holding Company	Fellow Subsidiary including subsidiary of fellow subsidiary	Key Management Personnel	Total
Capital Receipts and Payments				
Repayment of WCDL & OD (ABL)	-	-	-	-
	(35,109.49)	-	-	(35,109.49)
WCDL & OD taken (ABL)	13,560.97	-	-	13,560.97
	(-)	(-)	(-)	(-)
Capital Infusion including Securities Premium (ABL)	39,946.38	-	-	39,946.38
	(-)	(-)	(-)	(-)
Non-Convertible Debentures (ABL)	31,500.00	-	-	31,500.00
	(30,000.00)	-	-	(30,000.00)
Transactions				
Rent paid (ABL)	230.00	-	-	230.00
	(294.42)	-	-	(294.42)
Bank charges (ABL)	7.57	-	-	7.57
	(17.22)	-	-	(17.22)
NACH charges (ABL)	20.13	-	-	20.13
	(17.13)	-	-	(17.13)
Interest paid on borrowings (ABL)	1,347.16	-	-	1,347.16
	(789.76)	-	-	(789.76)
Interest paid on Non-Convertible Debentures (ABL)	2,235.00	-	-	2,235.00
	(-)	(-)	(-)	(-)

Notes

forming part of financial statement for the year ended 31 March, 2022

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

Nature of transactions	Holding Company	Fellow Subsidiary including subsidiary of fellow subsidiary	Key Management Personnel	Total
Demat Charges (ASL)	-	0.04	-	0.04
	-	(0.19)	-	(0.19)
Demat Charges (ABL)	3.27	-	-	3.27
	(7.19)	-	-	(7.19)
Professional fees (ATSL)	-	4.77	-	4.77
	-	(5.25)	-	(5.25)
Salary, Rent and contribution to PF (KMP)	-	-	774.24	774.24
	-	-	(568.73)	(568.73)
Staff Loan (KMP)	-	-	64.88	64.88
	-	-	(18.10)	(18.10)
Group Term Life Premium Reimbursement (ABL)	87.96	-	-	87.96
	(30.32)	-	-	(30.32)
Brokerage paid (ASL)	-	39.52	-	39.52
	-	(16.71)	-	(16.71)
IPA commission charges paid (ABL)	2.80	-	-	2.80
	(3.50)	-	-	(3.50)
Future Service Gratuity Premium Reimbursement (ABL)	5.35	-	-	5.35
	(3.15)	-	-	(3.15)
Service charges other – IT Service fees (ABL)	68.06	-	-	68.06
	(50.54)	-	-	(50.54)
Cersai Charges (ATSL)	-	-	-	-
	-	(0.07)	-	(0.07)
Treps Charges (ATSL)	2.75	-	-	2.75
	(-)	(-)	(-)	(-)
Subscription Charges (FPTPL)	-	0.25	-	0.25
	(-)	(-)	(-)	(-)
Arrangership fees (ABL)	110.89	-	-	110.89
	(-)	(-)	(-)	(-)
Considearation received from sell down including fees (ABL)	84,305.96	-	-	84,305.96
	(-)	(-)	(-)	(-)
Processing Fees (ABL)	3,055.01	-	-	3,055.01
	(-)	(-)	(-)	(-)
Other Reimbursement of Expenses (ABL)	127.83	-	-	127.83
	(148.84)	-	-	(148.84)
Interest on Fixed Deposits (ABL)	86.04	-	-	86.04
	(16.61)	-	-	(16.61)
Royalty Charges (ABL)	226.40	-	-	226.40
	(154.69)	-	-	(154.69)
ESOP recovered (ABL)	284.63	-	-	284.63
	(326.61)	(-)	(-)	(326.61)
ESOP cost debited & considered deemed capital contribution (ABL)	311.97	-	-	311.97
	(-)	(-)	(-)	(-)
Closing Balance/Outstanding Balances as on 31st March				
Share Capital (ABL)	53,851.25	-	-	53,851.25
	(48,225.00)	(-)	(-)	(48,225.00)
Overdraft/Term Loan Account Balance (ABL)	18,042.43	-	-	18,042.43
	(10,010.46)	-	-	(10,010.46)
Current Account balance (ABL)	-	-	-	-
	(4,452.85)	-	-	(4,452.85)

Notes

forming part of financial statement for the year ended 31 March, 2022

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

Nature of transactions	Holding Company	Fellow Subsidiary including subsidiary of fellow subsidiary	Key Management Personnel	Total
Royalty Charges Payable (ABL)	57.85	-	-	57.85
	(40.23)	-	-	(40.23)
Fixed Deposits (ABL)	183.13	-	-	183.13
	(174.53)	-	-	(174.53)
OPE Payables (ABL)	3.24	-	-	3.24
	(-)	(-)	(-)	(-)
Non-Convertible Debentures (ABL)	42,500.00	-	-	42,500.00
	(30,000.00)	-	-	(30,000.00)
Sundry Receivables (ASL)	-	552.37	-	552.37
	-	(227.55)	-	(227.55)
Staff Loan given (KMP)	-	-	142.66	142.66
	-	-	(84.21)	(84.21)
Sundry Payables (ATSL)		-		-
		(2.29)		(2.29)
Demat Charges Payables (ASL)	-	0.07	-	0.07
	(-)	(-)	(-)	(-)

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 towards bonus and gratuity and other benefits as they are determined on actuarial basis for the Company as a whole.
3. Figures in bracket pertain to previous year.
4. Transactions shown above are excluding Goods & Services Tax.

37 Employee Benefits

a) Defined contribution plan (Provident fund)

Amount of ₹ in lakhs 390.41 (Previous Year ₹ 285.33) is recognised as expenses and included in Note 27 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.

1) Amount recognized in employee cost:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current service cost	92.82	71.15
Interest cost on benefit obligation	18.26	13.52
Expected return on plan assets	(14.88)	(9.11)
Past service cost	-	-
Transferred from group Company	-	-
Net benefit expense/(income)	96.20	75.56

Notes

forming part of financial statement for the year ended 31 March, 2022

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

2) Amount recognized in Other Comprehensive Income (OCI):

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net actuarial (gain)/loss recognized in the year	2.05	(6.81)
Return on Plan Assets, Excluding Interest Income	2.01	3.92
Net benefit (income)/expense for the year recognized in OCI	4.06	(2.89)

3) Amount recognized in Balance Sheet:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Projected benefit obligation	(49.59)	(267.80)
Fair value of plan assets	21.90	218.21
Less: Unrecognised past service cost	-	-
Plan assets/(liability)	(27.69)	(49.59)

4) Actual return on plan assets

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Expected return on plan assets	14.88	9.11
Actuarial gains/(losses) on plan assets	(2.01)	(3.92)
Actual Return on plan assets	12.87	5.19

5) Reconciliation of balances of Defined Benefit Obligation:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening projected benefit obligation	267.80	197.71
Interest cost	18.26	13.52
Current service cost	92.82	71.15
Past Service Cost - Vested Benefit Incurred during the period	-	-
Liability transferred in	-	-
Benefit Paid From the Fund	(12.93)	(7.77)
Actuarial (gains)/losses on obligation	2.05	(6.81)
Closing projected benefit obligation	368.00	267.80

6) Reconciliation of balances of the fair value of plan assets are as follows:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening fair value of plan assets	218.21	133.18
Expected return	14.88	9.11
Contributions by employer	122.17	87.61
Assets Transferred In	-	-
Benefits paid	(12.94)	(7.77)
Actuarial gains/(losses)	(2.01)	(3.92)
Closing fair value of plan assets	340.31	218.21

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

Gratuity

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Investment with insurer	100%	100%

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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	For the year ended March 31, 2022	For the year ended March 31, 2021
Mortality rate	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality (2006-08) Ultimate
Discount rate	7.25%	6.82%
Expected rate of return on assets	7.25%	6.82%
Employee turnover	5.00%	5.00%
Salary escalation rate	7.00%	7.00%

The estimates of future salary increases considered in actuarial valuation, takes into account 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	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Projected benefit obligation	368.00	267.80	197.70	124.35	107.00
Plan assets	340.31	218.21	133.18	130.64	94.49
(Surplus) /deficit	27.69	49.59	64.52	(6.29)	12.51
Experience adjustments on plan liabilities	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

Expected cash flow for the following year:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Expected payment contibutions to the plan for next annual reporting period	157.96	142.42

The weighted average duration of defined benefit obligations as at March 31, 2022 is 12 years (Previous Year: 12 years)

8) Sensitivity Analysis

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Projected Benefit Obligation on Current Assumptions	368.00	267.80
Delta Effect of + 0.5% Change in Rate of Discounting	(34.65)	(13.44)
Delta Effect of - 0.5% Change in Rate of Discounting	40.76	14.60
Delta Effect of + 0.5% Change in Rate of Salary Increase	32.23	10.72
Delta Effect of - 0.5% Change in Rate of Salary Increase	(28.23)	(10.21)
Delta Effect of + 0.5% Change in Rate of Employee Turnover	(0.99)	(0.31)
Delta Effect of - 0.5% Change in Rate of Employee Turnover	0.67	0.27

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.

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

38 Provisions and Contingencies

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Provisions for impairment on Investment	(119.20)	176.24
Provision towards loan assets (Stage 3)	2,322.58	500.45
Provision towards Receivables	(5.27)	(6.85)
Provision made towards Income tax	13,006.87	7,726.17
Bad Debts Written off	3,047.55	8,009.52
Provision for Standard Assets (Stage 1 & Stage 2)	2,042.17	3,441.78

39 Leases:

A) Amounts recognised in the Balance sheet

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Gross carrying value	1,862.61	391.28
Addition	1,349.37	1,471.33
Deletion	(200.86)	-
Translation adjustments	-	-
Gross carrying value	**3,011.12**	**1,862.61**
Accumulative depreciation		
Opening Balance	175.60	31.00
Depreciation	378.38	144.60
Translation adjustments	-	-
Closing Balance	**553.98**	**175.60**
Net carrying value	**2,457.14**	**1,687.01**

B) The following is the movement in lease liabilities during the year ended March 31, 2022

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening Lease Liabilities	1,749.08	372.87
Additions/accrued	1,349.37	1,471.33
Interest on lease liabilities	165.71	67.13
Deletions	(234.67)	-
Payment towards Lease Liability (Principal & Interest)	(416.94)	(162.25)
Closing Lease Liabilities	**2,612.55**	**1,749.08**

Amounts recognised in Statement of profit and Loss during the year ended March 31, 2022

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation expense of right-of-use assets	392.93	151.27
Interest expense on lease liabilities	165.71	67.13
Total	**558.64**	**218.40**

Total cash outflow for leases:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Total cash outflow for leases	416.94	162.25
Total	**416.94**	**162.25**

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

Tenure	For the year ended March 31, 2022	For the year ended March 31, 2021
Less than 1 year	350.11	173.30
1-3 years	817.06	408.66
3-5 years	464.28	431.88
More than 5 years	981.10	735.24
Balance as at 31 March	**2,612.55**	**1,749.08**

While measuring the lease liabilities, the Company discounted lease payments using its incremental borrowings rate at average rate of 6.18% p.a. The weighted average rate applied ranges between 6% p.a to 6.50% p.a.

40. Risk Management

Risk Profile

The Company has operations within India. It is exposed to various kind of risks 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 are 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 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), inter-alia 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 are 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.

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.

Notes

forming part of financial statement for the year ended 31 March, 2022

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

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 crosses 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 crosses 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.

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 at an individual client basis, based on the nature of the loan product. 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 limits. The maximum credit exposure to any client or counterparty was ₹200.00* Crores as of March 31, 2022. Total exposure to 20 largest customers constituted 16.81% of the Company's total credit exposure as of March 31, 2022.

*Exposure include interest as well

Credit Risk Exposure Analysis at Amortized Cost

Particulars	As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total
Wholesale (A)	10,33,784.68	10,211.37	18,172.96	10,62,169.01
Retail (B)	5,68,190.75	4,681.85	2,224.29	5,75,096.89
Total Loans (A+B)	**16,01,975.43**	**14,893.22**	**20,397.25**	**16,37,265.90**
Investments	89,035.55	-	-	89,035.55

Particulars	As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total
Wholesale (A)	7,87,060.12	22,089.01	30,520.84	8,39,669.97
Retail (B)	1,91,681.79	504.61	997.86	1,93,184.26
Total Loans (A+B)	**9,78,741.91**	**22,593.62**	**31,518.70**	**10,32,854.23**
Investments	74,947.88	-	-	74,947.88

Notes
forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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.

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 contracted. The Company has an option to levy a pre-payment penalty in such cases. The Company has an option to levy a pre-payment penalty, if any, as per sanction terms.

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 and equity prices. The Company classifies exposures to market risk into either trading or non-trading portfolios and manages those portfolios separately.

The Company held Government securities as part of its Trading Portfolio during the year. The trading position is monitored regularly by the Risk department and adherence to stop loss limits is ensured. Market Risk on the non-trading portfolio is monitored through the Earnings at Risk limit. The Company has borrowings in foreign currency, the exposure in this regard is fully hedged for the entire tenor.

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:

Increase / Decrease in basis points	Sensitivity of Net Interest Income	
	2021-22	2020-21
+/- 20 bps	- ₹105 Lakhs / + ₹105 Lakhs	- ₹381 Lakhs / + ₹381 Lakhs
+/- 30 bps	-₹157 Lakhs / + ₹157 Lakhs	-₹572 Lakhs / + ₹572 Lakhs

Foreign Currency Risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arises majorly on account of foreign currency borrowings. The Company manages this foreign currency risk by entering into cross currency swaps and forward contract. When a derivative is entered into for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment. The Company holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

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.

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Based on the above, the Company categories 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:

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

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.

Stage 3: For loans considered credit impaired, life time ECL is recognized.

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 every 3 years. 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 or where the chances of recovery are low. The Company has written-off loans to the extent of ₹ 3,047.55 Lakhs during the year (Previous Year: 8,009.52).

Disclosure on Liquidity Risk March 31, 2022

Disclosure on Liquidity Risk, as per extant RBI guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies as at March 31, 2022 is as follows:

i. Funding Concentration based on Significant Counterparty:

Number of Significant Counterparties	Amount (₹ Lakhs)	% of Total Deposits	% of Total Liabilities
16	11,78,751	N.A.	78.01%

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.
- Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.
- 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

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

iii. Top 10 Borrowings:

Amount (₹ Lakhs)	% of Total Borrowings
10,52,751	71.37%

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

Notes

forming part of financial statement for the year ended 31 March, 2022

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

iv. Funding Concentration based on Significant Instrument/ Product:

Sr. No.	Name of the Instrument/Product	Amount (₹ Lakhs)	% of Total Liabilities
1	Term Loans	5,49,456.00	36.4%
2	WC/LOC/OD	0.00	0.0%
3	CP	1,10,000.00	7.3%
4	NCD	8,15,542.00	54.0%
		14,74,998.00	**97.6%**

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.
- 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	7.46%
II)	Commercial Papers as a % of Total Liabilities	7.28%
III)	Commercial Papers as a % of Total Assets	6.36%
B) I)	Non-Convertible Debentures (original maturity of less than one year) as a % of Total Public Funds	NIL
II)	Non-Convertible Debentures (original maturity of less than one year) as a % of Total Liabilities	NIL
III)	Non-Convertible Debentures (original maturity of less than one year) as a % of Total Assets	NIL
C) I)	Other Short-Term Liabilities as a % of Total Public Funds	26.50%
II)	Other Short-Term Liabilities as a % of Total Liabilities	25.87%
III)	Other Short-Term Liabilities as a % of Total Assets	22.59%

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.

Disclosure on Liquidity Risk March 31, 2021

Disclosure on Liquidity Risk, as per extant RBI guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies as at March 31, 2021 is as follows:

i. Funding Concentration based on Significant Counterparty:

Number of Significant Counterparties	Amount (₹ Lakhs)	% of Total Deposits	% of Total Liabilities
15	7,49,533.82	N.A.	76.72%

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.
- Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.
- 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.

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

iii. Top 10 Borrowings:

Amount (₹ Lakhs)	% of Total Borrowings
6,92,843.82	76.03%

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

Notes

forming part of financial statement for the year ended 31 March, 2022

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

iv. Funding Concentration based on Significant Instrument/ Product:

Sr. No.	Name of the Instrument/ Product	Amount (₹ Lakhs)	% of Total Liabilities
1	Term Loans	1,14,511.73	11.72%
2	Working Capital / Line of Credit /Overdraft facilities	0.00	0.00%
3	Commercial Papers	2,57,500.00	26.36%
4	Non-Convertible Debentures	5,39,280.00	55.20%
		9,11,291.73	**93.28%**

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.
- 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	28.26%
II)	Commercial Papers as a % of Total Liabilities	26.36%
III)	Commercial Papers as a % of Total Assets	22.97%
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	23.73%
II)	Other Short-Term Liabilities as a % of Total Liabilities	22.14%
III)	Other Short-Term Liabilities as a % of Total Assets	19.29%

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.

Notes

forming part of financial statement for the year ended 31 March, 2022

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

41 Asset Liability Management Maturity pattern of certain items of assets and liabilities

Particulars	Financial year 2021-22										
	1 day to 7 days	8 days to 14 days	15 days to 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	10,100.63	16,152.69	35,561.07	8,322.04	40,074.96	70,512.73	1,54,691.29	4,71,852.98	3,51,106.11	4,50,915.41	16,09,289.91
Investments	19,992.99	-	-	-	676.81	871.93	57.94	14,888.28	-	52,435.88	88,923.83
Borrowings	128.85	-	39,251.09	53,364.75	66,585.13	1,01,782.58	1,93,544.63	6,56,208.36	2,67,342.73	86,694.65	14,64,902.77
Foreign currency asset	-	-	-	-	-	-	-	-	-	-	-
Foreign currency Liabilities	-	-	-	1,690.60	1,836.25	3,512.99	1,683.41	-	-	-	8,723.25

Particulars	Financial year 2020-21										
	1 day to 7 days	8 days to 14 days	15 days to 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	8,048.00	20,877.00	10,596.85	1,724.42	4,495.35	31,599.05	1,43,199.61	3,20,708.13	2,13,782.11	2,54,188.99	10,09,219.51
Investments	15,514.02	21.50	-	42,803.43	686.44	10,674.42	6,407.26	10,005.69	2,000.00	1,604.81	89,717.57
Borrowings	21,629.00	14,840.00	55,254.51	85,801.00	1,05,538.00	1,63,729.68	15,516.22	3,87,935.06	51,883.00	61,242.31	9,63,368.78

The above bucketing has been arrived at based on the extant regulatory guidelines and the policy approved by the ALCO committee and relied upon by the auditors

42 Disclosure pursuant to RBI Notification - RBI/2021-22/47 DOR.STR.REC.21/21.04.048/2021-22 dated June 4, 2021

Type of borrower	(A) Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous year March 31, 2021 (A)*	(B) Of (A), aggregate debt that slipped into NPA during the year	(C) Of (A) amount written off during the year	(D) Of (A) amount paid by the borrowers during the year	(E) Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this year March 31, 2022
Personal Loans	-	-	-	-	569.46
Corporate persons*	-	-	-	-	837.39
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	1,737.45
Total	**-**	**-**	**-**	**-**	**3,144.30**

*Amount outstanding as on March 31, 2021

Notes

forming part of financial statement for the year ended 31 March, 2022

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

43 Disclosure pursuant to RBI Circular - RBI/DOR/2021-22/86/DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021

Particulars	March 31, 2022
Number of loans sold	20
Aggregate amount	81,250.95
Sale consideration	84,305.96
Number of transactions	20
Weighted average maturity (remaining)	5.20
Weighted average holding period (after origination)	0.98
Retention of beneficial economic interest (average)	0%
Coverage of tangible security coverage	1.15x to 2x
Rating wise distribution of rated loans	A, A-, AA, BBB, BBB-, BBB+
Number of instances (transactions) where transferor has agreed to replace the transferred loans	NIL
Number of transferred loans replaced	N.A.

44 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 an outstanding balance of ₹257.66 lakhs due to such parties at year end. (March 31, 2021 ₹ 20.39 Lakhs).

Details of dues to Micro, Small and Medium Enterprises

As per the confirmation received from the parties following is the status of MSME parties.

Particulars	March 31, 2022	March 31, 2021
The Principal amount remaining unpaid at the end of the year	257.66	20.39
The Interest Amount remaining unpaid at the end of the year	-	-
Interest paid along with amount of payment made to the supplier beyond the appointed day	-	-
Amount of interest due and payable for the period of delay on payments made beyond the appointed day	-	-
Amount of interest accrued and remaining unpaid	-	-
Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-
	257.66	**20.39**

45 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 norms on 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.

Notes

forming part of financial statement for the year ended 31 March, 2022

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

5. The Company's capital adequacy ratio, calculated in accordance with the Reserve Bank of India guidelines and disclosed using Ind-AS terminology, is as follows:

Particulars	2021-2022	2020-2021
CRAR- Tier I Capital	2,27,904.90	1,35,083.05
CRAR- Tier II Capital	83,513.54	67,326.08
Total Capital	3,11,418.44	2,02,409.13
CRAR (%)	19.18%	19.55%
CRAR- Tier I Capital (%)	14.03%	13.05%
CRAR- Tier II Capital (%)	5.15%	6.50%
Amount of subordinated debt raised as Tier-II Capital	17,500.00	7,000.00
Amount raised by issue of Perpetual Debt Instruments	20,000.00	-

46 Exposure* to Real Estate Sector

Particulars	2021-2022	2020-2021
A) Direct Exposure		
(i) Residential Mortgages	2,89,099.07	80,865.69
(ii) Commercial Real Estate	4,22,172.57	4,30,028.92
(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	**7,11,271.64**	**5,10,894.61**

* 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.

47 Frauds detected and reported for the year amounted to ₹ 36.61 lakhs (previous year: ₹ 7.06 lakhs). The Company hold 100% provision as at March 31, 2022 for these fraud accounts.

48 During the year ended the company has not entered into any Interest Rate Swap and Exchange Traded Interest Rate Derivatives (31 March, 2021: NIL). For disclosure on forward rate agreement refer Note No 13

49 There has not been any limit exceeded for single borrower limit and group borrower limit as prescribed by the RBI based on the latest audited net owned funds.

50 There are no advances/projects financed by the Company wherein intangible security such as rights, licences, authorizations etc. are charged as collateral as at March 31, 2022 & March 31, 2021.

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

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

Notes

forming part of financial statement for the year ended 31 March, 2022

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

53 India Ratings and Research Private Limited, Brickwork Ratings and CRISIL Limited have accredited the following ratings to the Company for the various facilities availed by the Company:

For the year ended March 31, 2022

FACILITY	CRISIL	INDIA RATINGS	Brickwork Ratings	Amount (₹ in crores)
Non-Convertible Debenture	CRISIL AAA/STABLE	IND AAA/STABLE	NA	CRISIL - 6,957.80
				INDIA RATING - 6,107.10
Principal protected Market linked Debentures	NA	IND AAA/STABLE	NA	500.00
Subordinated Debt	CRISIL AAA/STABLE	IND AAA/STABLE	NA	CRISIL - 1,200.00
				INDIA RATING - 1,200.00
Perpetual Debt	CRISIL AAA/STABLE	NA	BWR AAA/STABLE	CRISIL - 300.00
				BRICKWORK RATING - 300.00
Long Term Bank Loan	NA	IND AAA/STABLE	NA	10,000.00
Short Term Bank Loan	NA	IND A1+	NA	2,000.00
Commercial paper	CRISIL A1+	IND A1+	NA	CRISIL - 10,000.00
				INDIA RATING - 10,000.00

For the year ended March 31, 2021

Name of Rating Agency	Type	Ratings	Amount (₹ in crores)	Tenure	Validity
India Ratings and Research Private Limited	Long term	IND AAA / Stable	3,907	-	Yearly Surveillance
	Short term	IND A1+	10,000	60 days	
CRISIL Limited	Long term	CRISIL AAA / Stable	6,800	-	Yearly Surveillance
	Short term	CIRSIL A1+	10,000	60 days	

54 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.

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

56 Exposure* to Capital Market

Particulars	2021-2022	2020-2021
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;	7,123.84	24,697.79
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;	89,637.50	67,524.11
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;	1,431.24	3,603.38
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	**98,192.58**	**95,825.28**

* 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.

Notes

forming part of financial statement for the year ended 31 March, 2022

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

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

58 Concentration of Advances*

Particulars	2021-2022	2020-2021
Total Advances to Twenty Largest Borrowers	2,96,710.12	2,50,915.05
Percentage of Advances to Twenty Largest Borrowers to Total Advances	17.85%	23.55%

* Advances include borrower contractual outstanding balances

59 Concentration of Exposures*

Particulars	2021-2022	2020-2021
Total Exposure to Twenty Largest Borrowers / customers	3,04,192.66	2,69,493.33
Percentage of Exposures to Twenty Largest Borrowers / Customers to Total Exposure of Axis Finance on borrowers / customers	16.81%	22.38%

* 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.

60 Concentration of Non Performing Assets* (NPAs)

Particulars	2021-2022	2020-2021
Total exposure to top four Non Performing Assets	16,907.56	23,759.37

* Assets under Stage 3 are considered as NPAs

61 Sector-wise Non Performing Assets (NPAs)

Sectors	% of NPAs to Total Advances in that sector 2021-2022	% of NPAs to Total Advances in that sector 2020-2021
Agriculture & allied activities	-	-
MSME	-	-
Corporate borrowers	1.67%	3.50%
Services	-	-
Unsecured personal loans	0.88%	0.19%
Auto loans	-	-
Other personal loans	0.18%	0.67%

62 Movement of Non Performing Assets (NPAs)

Particulars	2021-2022	2020-2021
(i) Net NPAs to Net Advances (%)	0.42%	1.86%

(Net Advances include investment of amount ₹ in lakhs (March 31, 2022: 24,721.50 & March 31, 2021: 74,947.88)

(Only Stage 3 ECL is considered while computing Net Advances)

Particulars	2021-2022	2020-2021
(ii) Movement of NPAs (Gross)		
Opening balance	31,518.70	35,192.85
Additions during the year	10,996.61	7,083.27
Reductions during the year	(22,118.06)	(10,757.42)
Closing balance	**20,397.25**	**31,518.70**

Notes

forming part of financial statement for the year ended 31 March, 2022

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

Particulars	2021-2022	2020-2021
(iii) Movement of NPAs (Net)		
Opening balance	20,409.25	24,583.98
Additions during the year	3,036.41	3,341.64
Reductions during the year	(16,480.44)	(7,516.37)
Closing balance	**6,965.22**	**20,409.25**

Particulars	2021-2022	2020-2021
(iv) Movement of Provision on NPAs (excluding provision on Standard Assets)		
Opening balance	11,109.45	10,608.87
Additions during the year	7,960.20	3,741.65
Reductions during the year	(5,637.62)	(3,241.07)
Closing balance	**13,432.03**	**11,109.45**

Note 63: 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

FY 2021-22

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)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	16,01,975.43	13,042.33	15,88,933.10	6,439.37	6,602.96
Standard	Stage 2	14,893.22	1,501.63	13,391.59	378.24	1,123.39
Subtotal		**16,16,868.65**	**14,543.96**	**16,02,324.69**	**6,817.61**	**7,726.35**
Non-Performing Assets (NPA)						
Substandard	Stage 3	3,499.78	2,565.91	933.87	1,969.48	596.43
Doubtful - 1	Stage 3	5,324.29	3,694.03	1,630.26	3,693.72	0.31
Doubtful - 2	Stage 3	11,530.44	7,129.35	4,401.09	5,776.40	1,352.95
Doubtful - 3	Stage 3	-	-	-	-	-
Subtotal for doubtful		**16,854.73**	**10,823.38**	**6,031.35**	**9,470.12**	**1,353.26**
Loss	Stage 3	42.74	42.74	-	42.74	-
Subtotal for NPA		**20,397.25**	**13,432.03**	**6,965.22**	**11,482.34**	**1,949.69**
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	16,01,975.43	13,042.33	15,88,933.10	6,439.37	6,602.96
	Stage 2	14,893.22	1,501.63	13,391.59	378.24	1,123.39
	Stage 3	20,397.25	13,432.03	6,965.22	11,482.36	1,949.67
Total		**16,37,265.90**	**27,975.99**	**16,09,289.91**	**18,299.97**	**9,676.02**

Notes

forming part of financial statement for the year ended 31 March, 2022

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

FY 2020-21

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)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	9,78,741.91	10,225.50	9,68,516.41	3,989.96	6,235.54
Standard	Stage 2	22,593.62	2,299.77	20,293.85	1,842.01	457.76
Subtotal		**10,01,335.53**	**12,525.27**	**9,88,810.26**	**5,831.97**	**6,693.30**
Non-Performing Assets (NPA)						
Substandard	Stage 3	13,097.82	5,852.68	7,245.14	5,756.26	96.42
Doubtful - 1	Stage 3	15,364.36	4,195.07	11,169.29	2,798.02	1,397.05
Doubtful - 2	Stage 3	3,049.29	1,054.47	1,994.82	854.92	199.54
Doubtful - 3	Stage 3	-	-	-	-	-
Subtotal for doubtful		**18,413.65**	**5,249.54**	**13,164.11**	**3,652.94**	**1,596.59**
Loss	Stage 3	7.23	7.23	-	7.06	0.17
Subtotal for NPA		**31,518.70**	**11,109.45**	**20,409.25**	**9,416.26**	**1,693.18**
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	9,78,741.91	10,225.50	9,68,516.41	3,989.96	6,235.54
	Stage 2	22,593.62	2,299.77	20,293.85	1,842.01	457.76
	Stage 3	31,518.70	11,109.45	20,409.25	9,416.27	1,693.18
Total		**10,32,854.23**	**23,634.72**	**10,09,219.51**	**15,248.24**	**8,386.48**

Note 64: Liquidity Coverage Ratio

Reserve Bank of India (RBI) had introduced Liquidity Coverage Ratio (LCR) (effective from December 01, 2020) as part of Liquidity Risk Management Framework (LRMF) to ensure that a NBFC has adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant liquidity stress lasting for a period of 30 days. LCR is defined as a ratio of HQLA to the total net cash outflows over the next 30 calendar days. As on March 31, 2022, the applicable minimum LCR required to be maintained by the Company is 60.00%.

The Company's liquidity strategy is managed by the Asset Liability Management Committee (ALCO), a management level committee. Meetings of the ALCO are held on a monthly basis. The Risk Management Committee (RMC), a sub-committee of the Board of Directors of the Company along with Chief Risk Officer being the permanent invitee, oversees the liquidity risk management. The minutes of RMC are placed before the the Board of Directors for noting and discussion.

During the three months ended March 31, 2022, Axis Finance Limited maintained daily average HQLA (after applicable haircut) of ₹ 39,390.26 Lakhs against the average HQLA requirement of ₹ 10,785.98 Lakhs at minimum LCR requirement of 60.0%. The daily average LCR of Axis Finance Limited for the three months ended March 31, 2022 was 219.12% (The daily average LCR of Axis Finance for the three months ended December 31, 2021 was 167.49%). HQLA primarily includes Government securities viz. Central and State Government securities and small portion in eligible corporate bonds with mandated haircuts.

The weighted cash outflows are primarily driven by secured funding which includes debt obligations on NCDs and bank borrowings. The total weighted cash inflows are primarily driven by performing exposures and lines of credit from Axis Bank Limited ("Parent Company").

Notes

forming part of financial statement for the year ended 31 March, 2022

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

64 Liquidity Coverage Ratio

		Three months ended March 31, 2022		Three months ended December 31, 2021		Three months ended September 30, 2021		Three months ended June 30, 2021	
		Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA) (Refer Note 1)	39,656.70	39,390.26	30,819.40	30,519.40	37,372.99	37,072.99	38,955.17	38,655.17
Cash Outflows									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	57,656.25	66,304.69	50,634.92	58,230.16	58,179.01	66,905.86	49,340.66	56,741.76
4	Secured wholesale funding	4,871.16	5,601.83	12,746.20	14,658.13	15,787.69	18,155.85	31,000.99	35,651.14
5	Additional requirements, of which	-	-	-	-	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	-	-	-	-	-	-	-	-
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**TOTAL CASH OUTFLOWS**	**62,527.41**	**71,906.52**	**63,381.12**	**72,888.29**	**73,966.70**	**85,061.71**	**80,341.65**	**92,392.90**
Cash Inflows									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	34,302.35	25,726.76	93,817.62	70,363.22	43,199.67	32,399.75	23,663.03	17,747.27
11	Other cash inflows (Note 2)	78,424.07	58,818.05	91,428.57	68,571.43	1,07,500.00	80,625.00	1,10,766.67	83,075.00
12	**TOTAL CASH Inflows**	**1,12,726.42**	**84,544.81**	**1,85,246.19**	**1,38,934.65**	**1,50,699.67**	**1,13,024.75**	**1,34,429.70**	**1,00,822.27**
13	**TOTAL HQLA**	**39,656.70**	**39,390.26**	**30,819.40**	**30,519.40**	**37,372.99**	**37,072.99**	**38,955.17**	**38,655.17**
14	**TOTAL NET CASH OUTFLOWS**	**15,631.85**	**17,976.63**	**15,845.28**	**18,222.07**	**18,491.68**	**21,265.43**	**20,085.41**	**23,098.22**
15	**LIQUIDITY COVERAGE RATIO (%)**	**253.69%**	**219.12%**	**194.50%**	**167.49%**	**202.11%**	**174.33%**	**193.95%**	**167.35%**

*Unweighted values calculated as average monthly outstanding balances maturing or callable within 30 days (for inflows and outflows).

Weighted values calculated after the application of respective stress factors on inflow (75%) and outflow (115%)

Note:

1. HQLA primarily includes Government securities viz. Central and State Government securities and small portion in eligible level 2 bonds.
2. Includes liquid fund balances.
3. The LCR requirement as per RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019, is applicable to the Company form December 1, 2020.

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

65 Receivables ageing as at March 31, 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	601.98	-	-	-	-	601.98
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	

Receivables ageing as at March 31, 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	524.93	-	-	-	-	524.93
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

66 Trade Payables ageing as at March 31, 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	257.66	-	-	-	257.66
(ii) Others	2,060.50	-	-	-	2,060.50
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-

Trade Payables ageing as at March 31, 2021

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	20.39	-	-	-	20.39
(ii) Others	858.83	-	-	-	858.83
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-

67 Capital Work-in-Progress (CWIP) and Intangible assets under development ageing as at March 31, 2022

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	121.96	76.42	51.08	2.70	252.16
Projects temporarily suspended	-	-	-	-	-

Notes

forming part of financial statement for the year ended 31 March, 2022
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

CWIP completion schedule

CWIP	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Project 1 - Corporate Loan Management system	31.98	-	-	-
Project 2 - NPA identification solution	39.00	-	-	-
Project 3 - Data warehouse and others	102.78	38.40	40.00	-

Capital Work-in-Progress (CWIP) and Intangible assets under development ageing as at March 31, 2021

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	285.73	163.97	6.68	-	456.39
Projects temporarily suspended	27.70	-	-	-	27.70

CWIP completion schedule

CWIP	to be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
EBIX	199.94	-	-	-
Data warehouse & Others	-	102.78	38.40	42.35
Oracle System integration	72.92	-	-	-

68 Shareholding of Promoters as at March 31, 2022 as under:

Shares held by promoters as at March 31, 2022				% Change during the year
S. No	Promoter name	No. of Shares	%of total shares	
1	Axis Bank Limited	53,85,12,500	100%	No change in shareholding

Shares held by promoters as at March 31, 2021				% Change during the year
S. No	Promoter name	No. of Shares	%of total shares	
1	Axis Bank Limited	48,22,50,000	100%	No change in shareholding

69 Relationship with Struck off Companies

Basis the information available there are no relations and transactions with Struck off Companies during the year ended March 31, 2022 (Previous year:NIL)

70 Key ratios for the year ended

Sr No.	Particulars	March 31, 2022	March 31, 2021
1	Current Ratio	Not applicable	Not applicable
2	Debt - Equity Ratio	6.73	6.68
3	Debt service coverage ratio	Not applicable	Not applicable
4	Return on Equity Ratio	15.13%	13.49%
5	Inventory turnover ratio	Not applicable	Not applicable
6	Trade Receivable turnover ratio	Not applicable	Not applicable
7	Trade Payable turnover ratio	Not applicable	Not applicable
8	Net capital turnover ratio	Not applicable	Not applicable
9	Net profit ratio	22.93%	18.91%
10	Return on Capital Employed	2.59%	1.55%
11	Return on Investment	Not applicable	Not applicable

Notes

forming part of financial statement for the year ended 31 March, 2022

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

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

72 The company does not have any unhedged foreign currency exposure as on 31 March 2022 (31 March 2021: NIL)

73 There are no restructured loans as at 31 March 2022 (31 March 2021: NIL)

74 The company is engaged primarily in the business of financing and also operates within India. Accordingly, there are no separate reportable segments as per Ind AS 108 - Operating Segment.

75 The Company's pending litigations comprise of claims against the Company by the customers and proceedings pending with other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where licable, in the financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

76 With effect from 1 July 2021, the Parent Bank has advised the Company to reimburse the cost of ESOP instead of earlier method of treating the same as deemed capital contribution. During the year ended March 31, 2022, the Holding Company has decided to recover the cost of such options from the Company. Accordingly, the Company has recorded an expense of ₹ 311.97 (Lakhs) for current financial year, under employee benefit expense during the year ended March 31, 2022.

77 Customer Complaints

Particulars	2021-2022	2020-2021
No. of complaints pending at the beginning of the year	-	3
No. of complaints received during the year	55	116
No. of complaints redressed during the year	55	119
No. of complaints pending at the end of the year	-	-

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

Particulars	2021-2022	2020-2021
Gross amount required to be spent by the company during the year	552.12	590.91
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	552.12	590.91
C) On purposes other than (A) above - Yet to be paid	-	-

79 Details of Auditors Remuneration

Particulars	2021-2022	2020-2021
For Statutory Audit and Limited Review	60.00	48.00
For Statutory audit certification fee	5.00	7.50
Total	**65.00**	**55.50**

80 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules / interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Notes

forming part of financial statement for the year ended 31 March, 2022

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

81 In terms of requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning ('IRACP') norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning), as at March 31, 2022 and accordingly, no amount is required to be transferred to impairment reserve.

82 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 Singhi & Co.
Chartered Accountants
ICAI Firm Registration No.302049E

Nikhil Singhi
Partner
Membership No.: 061567

Place of Signature: Mumbai
Date: April 14, 2022

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
Membership No: 51849

Rajneesh Kumar
Company Secretary
Membership No: A31230

Place of Signature: Mumbai
Date: April 14, 2022

Notes

forming part of financial statement for the year ended 31 March, 2022
Schedule to the Balance Sheet of a non-deposit taking non-banking financial company
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	Amount outstanding as at March 31,2022	Amount overdue as at March 31, 2022	Amount outstanding as at March 31,2021	Amount overdue as at March 31, 2021
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:				
(a) Debentures : Secured	7,16,585.63	-	5,33,929.33	-
: Unsecured (other than falling within the meaning of public deposits*)	98,956.16	-	59,990.04	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	5,49,456.66	-	1,14,480.73	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	1,08,627.57	-	2,54,968.68	-
(f) Public Deposits*	-	-	-	-
(g) Other Loans (Bank's Line of Credit)	-	-	-	-
(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 31,2022	Amount overdue as at March 31, 2022	Amount outstanding as at March 31,2021	Amount overdue as at March 31, 2021
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:				
(a) Secured	13,58,430.75	21,692.72	8,99,230.16	22,391.97
(b) Unsecured	2,78,835.15	515.00	1,33,624.07	685.20
(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	-	-	-	-

Notes

forming part of financial statement for the year ended 31 March, 2022
Schedule to the Balance Sheet of a non-deposit taking non-banking financial company
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

(5) Break-up of Investments:

Particulars	As at March 31, 2022	As at March 31, 2021
Current Investments:		
(a) Quoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	1,844.30	15,415.19
(iii) Units of mutual funds	-	15,000.61
(iv) Government Securities	43,495.83	43,570.89
(v) Others (please specify)	20,000.00	-
(b) Unquoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	2,121.00
(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	23,695.42	8,288.21
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	706.14
(v) Others (please specify)	-	-
(b) Unquoted:		
(i) Shares: (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	4,846.45
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
	89,035.55	**89,948.49**

(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, 2022			Amount net of provisions as at March 31, 2021		
	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	13,35,519.21	2,73,770.70	16,09,289.91	8,76,986.28	1,32,233.23	10,09,219.51
Total	**13,35,519.21**	**2,73,770.70**	**16,09,289.91**	**8,76,986.28**	**1,32,233.23**	**10,09,219.51**

Notes

forming part of financial statement for the year ended 31 March, 2022
Schedule to the Balance Sheet of a non-deposit taking non-banking financial company
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

(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, 2022	Book Value (Net of Provisions) as at March 31, 2022	Market Value / Break up or fair value or NAV* as at March 31, 2021	Book Value (Net of Provisions) as at March 31, 2021
(a) Related Parties **				
(i) Subsidiaries	-	-	-	-
(ii) Companies in the same group	-	-	-	-
(iii) Other related parties	-	-	-	-
(b) Other than related parties	85,561.97	88,923.83	89,690.31	89,717.57
Total	**85,561.97**	**88,923.83**	**89,690.31**	**89,717.57**

* Disclosure is made in respect of available information

** As per Accounting Standard of ICAI (Please see Note 2)

(8) Other information

Particulars	2021-22	2020-21
(a) Gross Non-Performing Assets		
(i) Related parties	-	-
(ii) Other than related parties	20,397.25	31,518.70
(b) Net Non-Performing Assets		
(i) Related parties	-	-
(ii) Other than related parties	6,965.22	20,409.25
(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.

Notes

Notes

CORPORATE INFORMATION

LEADERSHIP TEAM

Mr. Bipin Saraf
MD & CEO

Mr. Biju Pillai
Whole Time Director &
Chief Business Officer-Retail

Mr. Bal Krishna Thakur
Chief Operating Officer

Mr. Kishore Babu
Chief Risk Officer

Mr. Vishal Sharan
Executive Vice President &
Head - Wholesale Business

Mr. Amith Iyer
Chief Financial Officer

Ms. Deepti Dayal
Head - Wholesale Credit

Mr. Rajneesh Kumar
Company Secretary

Mr. Ajay Shah
Chief Technology Officer

Mr. Balaji Natarajan
Head Strategy and Alliances

STATUTORY AUDITORS

M/s. Singhi & Co. LLP
Chartered Accountants

SECRETARIAL AUDITORS

BNP & Associates
Company Secretaries

INTERNAL AUDITORS

M/s Protiviti India Member Pvt. Ltd. Mumbai

BANKERS

Axis Bank Ltd.

HDFC Bank Ltd.

ICICI Bank Federal bank

Punjab & Sind Bank

State Bank of India

The Hongkong and Shanghai Banking Corporation Limited

Bank of Baroda

REGISTERED AND CORPORATE OFFICE

Axis Finance Limited
Axis House, C-2 Wadia International Centre,
P. B. Marg, Worli,
Mumbai - 400 025, India
Tel: +91-22-62260000
Fax: +91-22-43253085

DEBENTURE TRUSTEE

CATALYST TRUSTEESHIP LIMITED (Formerly known as GDA Trusteeship Limited)
Office No. 604, Windsor, Off,
CST Road, Kolivery Village,
Vidya Nagari, Kalina, Santacruz East,
Mumbai, Maharashtra 400098
Tel: +91-22-49220555
Fax: +91-22-49220505
Email: dt@ctltrustee.com
Website: www.catalysttrustee.com

REGISTRAR & TRANSFER AGENT (For Non-Convertible Debentures)

LINK INTIME INDIA PRIVATE LIMITED
Office: C 101, 247 Park, L B S Marg,
Vikhroli West, Mumbai 400 083
Tel: +91 22 49186000
Fax: +91 22 49186060
Email: mumbai@linkintime.co.in
Website: www.linkintime.co.in

REGISTRAR & SHARE TRANSFER AGENT (For Equity Shares)

KFIN TECHNOLOGIES PRIVATE LIMITED
Selenium Tower - B, Plot No 31 & 32,
Financial District, Nanakgramguda,
Serilingampally Mandal,
Hyderabad - 500032. Telangana.
Tel No.: +91 40-6716 2222
Fax No.: +91 40-2300 1153
Toll Free No.: 1800-345-4001
Email: karisma@kfintech.com

AXIS FINANCE

Axis Finance Limited
Axis House, C-2 Wadia International Centre,
P. B. Marg, Worli, Mumbai – 400 025, India
www.axisfinance.co.in

/Concept, content and design at AICL (hello@aicl.in)