AXIS FINANCE

AFL/2021-22/46

July 29, 2021

To,
The Department of Corporate Affairs
BSE Limited
P J Towers, Dalal Street
Mumbai- 400 001

Madam/Sir,

<u>Sub: Submission of Annual Report for the Financial Year 2020-21</u>

We hereby submit the Annual Report of the Company for the Financial Year 2020-21 prepared in terms of regulation 53 of the SEBI Regulations and adopted by the Members of the Company at the 26th Annual General Meeting held on July 20, 2021.

We request you to kindly take on record the above submission.

Yours Sincerely,

For Axis Finance Limited

Rajneesh Kumar

Rajneesh Kumar
Company Secretary
Membership No. A31230
Email id – rajneesh.kumar@axisfinance.in

Annual Report
2020-21

AXIS FINANCE
Axis Finance Limited

Diversify.
De-Risk.
Digitalise.

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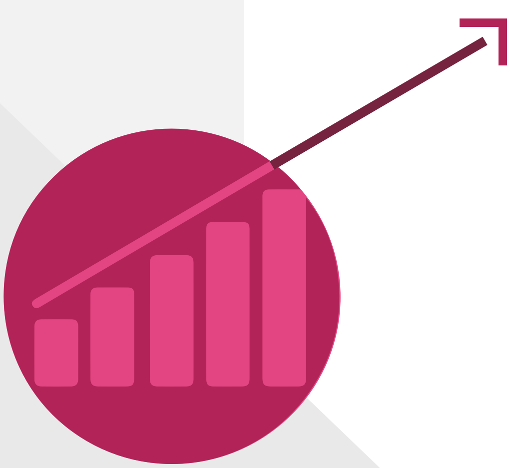


Diversify. De-Risk. Digitalise.

We continue to grow and strengthen our business with equal and consistent focus on **diversification, de-risking,** and **digitalisation**.

FY 2020-21 saw us take our **3-D** model further with more emphasis on diversification of our loan book, derisking the business with enhanced exposure on well-rated companies or groups, and cash-flow backed transactions in the wholesale segment. Our retail business is also growing significantly, we are leveraging our digital ecosystem to optimise cost and strengthen margins. We will continue to step up our investments in our digital assets to sharpen our competitive edge and enhance the overall customer journey.

In view of the uncertain macro environment, we have put in place robust compliance and monitoring mechanisms for our wholesale and retail products, along with strategically mitigating operational and market-related risks.

Despite the overwhelming challenges posed by the pandemic, we, at Axis Finance, have been able to fortify our balance sheet and deliver a decent operational and financial performance. This was driven by our strategy of delivering granular growth and a clear focus on staying close to the needs and aspirations of our customers, employees, investors, communities, and all other stakeholders.

Performance highlights: FY 2020-21

₹1,029 Crore

Total income

₹195 Crore

Profit after tax (PAT)

₹11,089 Crore

Gross AUM*

1.86%

Net NPA

*Before making any Ind AS Adjustments

Corporate identity

WELCOME TO THE WORLD OF AXIS FINANCE

We provide niche financial solutions to a wide array of wholesale and retail customers, leveraging synergies, experience and expertise of the well-recognised Axis Group. Over the years, we have steadily enhanced our offerings, fine-tuned our strategies, and deepened our relationships with customers to build a tech-enabled and scalable business model.

In the last eight years, since inception, we have been able to establish ourselves as a strong, efficient and respected NBFC with a diverse portfolio of products.

In the retail segment, we cater to the needs of loans against property, business loans, consumer financing, personal loans, and loans against securities. In the wholesale segment, we have increased the composition of collateralised loan book and medium-ticket corporate loans, and plan on foraying into the emerging corporates market.

Over the years, we have been able to strengthen our business model by strategically investing in our processes and people. This has resulted in a proven execution track record and a commendable financial scorecard. We are constantly engaged in the process of monitoring and analysing the market scenario and looking to broaden our portfolio. This we do by strengthening the systems and processes of our existing businesses and foraying into new segments as and when we can identify attractive growth opportunities.

Our stability is validated by our impressive credit rating, which places us as one of the highest-rated NBFCs in the country and among the industry's lowest cost fund raisers.

Vision

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

Values

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

- Customer centricity
- Ethics
- Transparency
- Teamwork
- Ownership

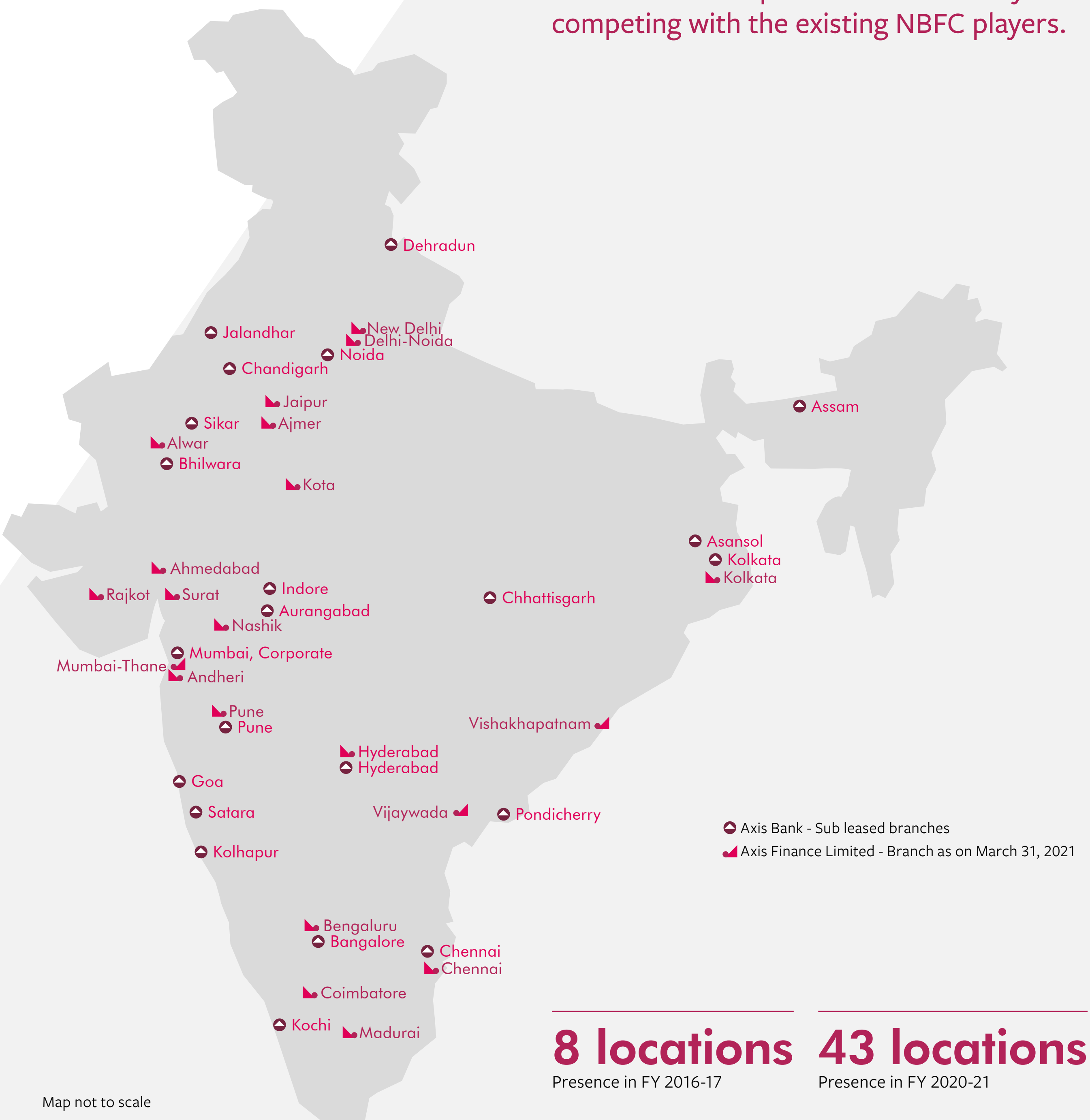
Workforce

747

Total employees

National footprint

Over the years, we have strategically widened our footprint to assert our ability to service our existing and prospective customers with speed while effectively competing with the existing NBFC players.



Map not to scale

8 locations
Presence in FY 2016-17

43 locations
Presence in FY 2020-21

Strength driving performance

CRAFTING AN ATTRACTIVE NBFC FRANCHISE

Over the years, we have built a strong investment proposition with the help and support of diverse customers and the One Axis ecosystem.

Market position
We have established ourselves as one of the most respected and trusted NBFC players in the country.

Group pedigree
A wholly-owned subsidiary of the Axis Bank Group, leveraging group synergies and customer base.

Conservative approach to lending
We have put in place stringent due diligence, given the uncertain and challenging macro-economic scenario. Low leveraged companies with a good credit rating and stable cash flows are considered appropriate for lending.

Diversified, granular loan book
Our loan book is becoming progressively diversified as there is an increase in the proportion of collateralised loan book and medium ticket corporate loans in the wholesale segment. We are also making our retail loan book more granular and strengthening asset quality.

Strong digital backbone
Digital interventions to improve customer experience and enhance efficiencies.

Robust risk management framework
Effective risk-mitigation guardrails and real-time monitoring of the loans against shares portfolio.

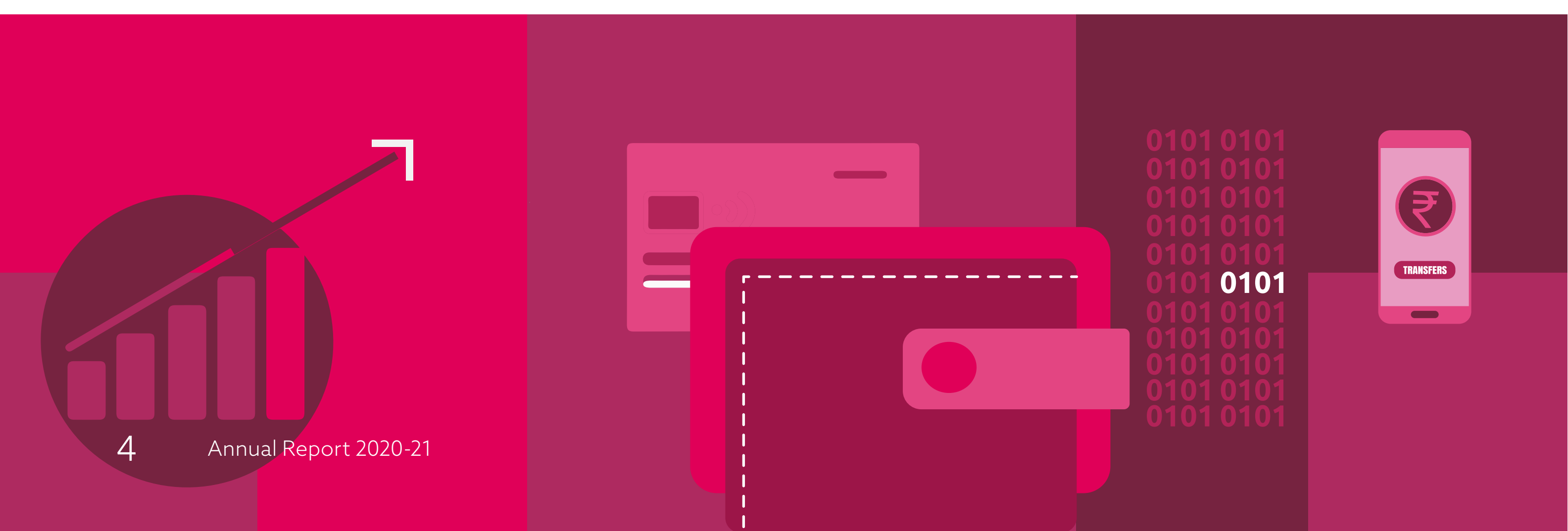
CRISIL*

CRISIL A1+/ CRISIL AAA/STABLE

India Ratings*

IND A1+/ IND AAA

*Ratings as on March 31, 2021



Key highlights, FY 2020-21

Financial

₹11,089 Crore
Gross AUM

₹525 Crore
Net interest income

₹1,442 Crore
Net worth

₹262 Crore
PBT

₹195 Crore
PAT

6.50%
Net interest margin

Operational and financial ratios

19.55%
Capital adequacy ratio

1.86%
Net NPA

14.50%
ROE

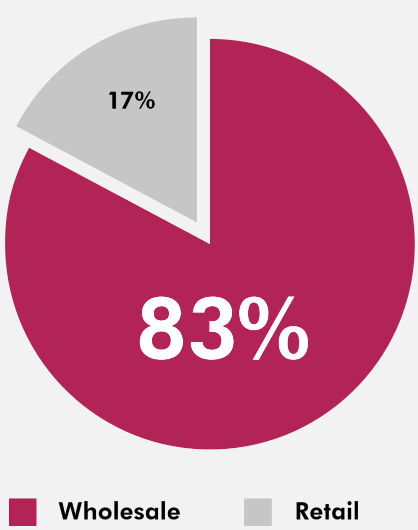
2.20%
ROA

29%
Lowest cost-to-income ratio

Loan mix

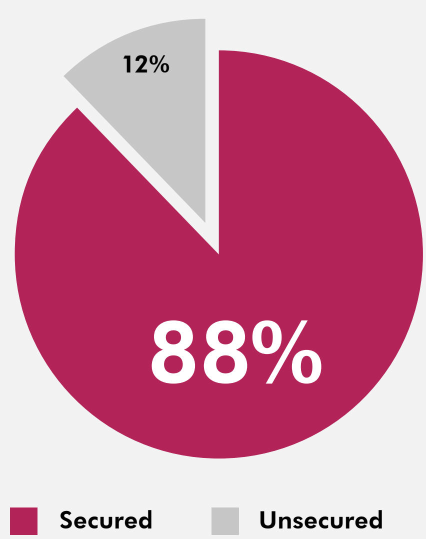
Wholesale & Retail Mix

%



Secured & Unsecured

%



Product offerings

DIVERSIFIED PRODUCT OFFERINGS

Wholesale lending

Over the years, Axis Finance has emerged as a strong and preferred financing partner for India Inc. and their promoters given its unique positioning as a strong NBFC with bank parentage, relatively lower cost of capital, faster turnaround and execution time backed by strong wholesale banking team with experience of both banking as well as NBFC sides of the business. Axis Finance's ability to service both, operating companies as well as promoter/holding companies is an advantage that is very sought after and comes due to its low cost of capital, stable liability profile, presence across maturity buckets, fast execution, as well as deep understanding of structured financing transaction of the senior corporate banking team.

Our wholesale book has undergone a massive shift over the last three years from traditional product offerings like loans against shares, real estate, and structured funding to disbursements to cash flow backed transactions and well-rated companies. In FY 2020-21, companies rated A- or above accounted for 88% of our disbursements compared to 53% in FY 2019-20. The incremental assets are well diversified across sectors including conglomerates, logistics, steel, pharma, cement, auto companies and healthcare, among others, and in operating level companies or adequately backed by contracted/demonstrated cash flows. Collateralised loans (LRD/LAP/ exposures to certain other focus sectors) is another focal point of our business model to add graduality and ensure the diversification of the wholesale book. Around 93% of the Wholesale AUM is secured with unsecured exposures to select large conglomerate's holding companies.

Our wholesale lending business includes following products

- Corporate loans
- Structured and bridge financing
- Promoter / Holding company funding backed by collateral and other securities
- Lease rental discounting
- Loan against property
- Collateralised loans in focussed sectors
- Real Estate financing backed by completed inventory in key metro markets

To further add granularity, we have newly added Emerging Markets Business which will focus on small corporate loans and loan against properties in ticket size of ₹5-25 Crore in key cities, industrial clusters, and trading hubs.

Retail lending

Mortgage
Under the retail mortgage segment, we offer funding against residential and commercial properties, for all categories of customers with EMI and non-EMI structures. We also provide micro mortgage loans for multiple purposes.

Consumer finance
Consumer finance is an unsecured loan facility extended to salaried and self-employed segment for the purchase of consumer durables (mobile phones, consumer electronics) and lifestyle products, (the home improvement and furnishings space, fitness equipment products and more). These are low ticket-size loans that run for a short tenure. The loans provide a no-extra-cost or low-cost EMI facility to customers to purchase products of major brands. The focus will be to leverage the Axis Group databanks to bring affordable and attractive offers through the OEM tie-ups.

Business loans
These are unsecured loans extended to the underserved self-employed segment, designed to cover various expenditures in a business.

These borrowers have a strong business with cash collections, but are not formally into banking and/ or do not have adequate credit history.

There is no need for borrowers to mortgage any asset, while availing such loans. These are small ticket size, granular loans.

Personal loans
Personal loans are unsecured loans, extended to the salaried customers. These are mid-ticket-size loans that run for tenures up to five years. Personal loans enable customers to meet their urgent personal finance needs.

Home loan
Home loan is a secured loan offering to all customers, including formal, semi-formal and non-formal segments, and also to for the purchase of residential property or self-construction.

Sector-focused offerings

Medical
The medical fraternity is working tirelessly for our well-being during the pandemic. Thus, AFL wishes to say #DilSeThankYou to our heroes by offering them effective and customised financial solutions. The programme is designed to fulfil short-term working capital needs and aid business expansion, ease their cash flows by reducing their EMI burden, provide hassle-free and quicker service, and offer them an array of financing options.

School
AFL wishes to say #DilSeThankYou to our education fraternity for creating opportunities to foster a bright future for India, by offering them effective and customised financial solutions. The programme aims to cross-sell and up-sell business loans, personal loans, and consumer durable/ lifestyle financing to teaching staff/non-teaching staff of schools/colleges and to fund lab equipment, computer requirements, air conditioners, panel displays, gym or musical class premises, furniture such as desk and benches, and so on for schools and colleges.

Essential services business
AFL wishes to say #DilSeThankYou to our essential service businesses for ensuring seamless supplies during the lockdown. This loan is designed to offer financial aid and support to the small business segments, without any collateral. These are fixed rate and tenure loans, and can be taken to cover various short-term working capital needs, for business use or to clear credit dues.

Chairman's communique

COURAGE AND COMMITMENT AMID ADVERSITY

I am confident that together we can fight this menace and emerge stronger than ever before.

Dear Stakeholders,

I hope and pray that everybody is safe in these testing times. FY 2020-21 was marked by unprecedented challenges posed by the pandemic. The nationwide lockdown put the entire economy under severe stress, and national GDP is projected to have de-grown by 7.3% during the year under review.

Our government took proactive steps to ensure the containment of the virus and the situation improved significantly towards the second half of the year. Economic activities picked up and consumer sentiment improved, validated by the quarterly growth in the third and fourth quarters.

However, second wave of the virus had a devastating impact on the lives of millions of our fellow countrymen, and my heart goes to the families affected by unprecedented circumstances. However, the quick roll-out of vaccines and new infection and mortality rates, in certain states, provide a ray of hope. I am confident that together we can fight this menace and emerge stronger than ever before.

Our primary focus during this turbulent period was to ensure that we do everything in our power to support our customers, employees, partners, and the community to help them combat the pandemic-led challenges. I would like to thank all the frontline workers who have risked their lives for our safety, especially the healthcare professionals, who have saved thousands of lives. Lastly, I would like to commend the indomitable spirit demonstrated by every employee of Axis Finance Limited.

The NBFC sector had faced several headwinds since the liquidity crunch witnessed in the second half of FY 2018-19. The sector was gradually on its path to recovery when it was hit by the pandemic. The NBFC sector was once again deeply impacted due to its inability to function during the imposed lockdowns. If we look at the macro-economic landscape, consumer sentiment dipped at an all-time low, which adversely affected credit offtake as well.

However, I feel that the challenges brought about by the pandemic strengthened the competitive advantage of well capitalised and better governed sectoral players who are aggressively adopting digital journeys to service their customers vis-à-vis those players who lack such resources.

We, at Axis Finance, banking on our strong fundamentals, put up a resilient performance through our 3D model: Diversify, Digitalise and De-risk. Our prudent and proactive approach enabled us to perform significantly better compared to our own performance earlier and our industry peers, despite the challenges posed by the external environment.

Moving forward, we would continue to focus on quality-driven growth and continuously monitor the developments of the market. Our primary focus is to attractively position ourselves so that we can combat industry headwinds. We have set our sights to grow our book by over 50% in FY 2021-22 led by our strong position in the corporate lending space, emerging growth opportunities in the retail space, and making inroads into the emerging corporates segment.

Besides, we will continue on our journey towards vigorous digitalisation to enhance value for our stakeholders. We are continuously working on increasing our digital interventions, right from the acquisition stage till the end of the customer's journey. We are planning to make all our services digitally driven. Along with enhancing efficiencies and detecting and preventing in-system risks and malpractices, it will help us serve customers better, which will eventually differentiate us from our peers.

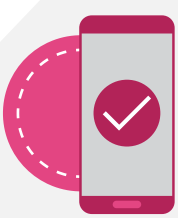
We will stay agile and adaptive to the realities emerging out of this unpredictable global situation and meticulously work towards creating value for all our stakeholders. We will strive to deliver strong operational performance with an overarching brand identity of 'One Axis' with openness.

We will stay agile and adaptive to the realities emerging out of this unpredictable global situation and meticulously work towards creating value for all our stakeholders.

I, along with the Board and the entire leadership team, would like to thank each and every member of the AFL Team and further commend them for their undeterred spirit, commitment and dedication towards the organisation during this extremely challenging period. We extend our heartfelt gratitude to all our stakeholders and solicit their continued support.

Best Regards,

Amitabh Chaudhry
Chairman



We, at Axis Finance, banking on our strong fundamentals, put up a resilient performance through our 3-D strategy Diversify, Digitalise and De-risk.

We have set our sights to grow our book by over 50% in FY 2021-22

Managing Director's perspective

COMBATING HEADWINDS HEAD ON

Dear Stakeholders,

FY 2020-21 was a year like no other. The world witnessed a once-in-a-century crisis ushered in by the COVID-19 pandemic. It caused economic contraction and global trade disruptions on a scale that could only be matched by the aftermath of the Second World War. The crisis had a severe impact on the Indian economy, which led to disruptions across most sectors and resulted in muted consumer sentiments. As a result, it impacted the NBFC sector as well. However, owing to our proactive approach and strong fundamentals, we were able to perform significantly better than the industry average.

We closed the year with an AUM of ₹11,089 Crore, an increase of nearly 41% compared to the closing AUM of ₹7,816 Crore in the previous year. Our overall wholesale book grew by 22% over the previous year, facilitated by the growth of corporate and collateralised loans. We continued our focus to run down our corporate Loan Against Securities (LAS) and Real Estate (RE) portfolio, which is down from ~40% to ~17%; we expect to fully run down our LAS portfolio by FY 2021-22.

We continued to focus on well-rated companies/groups and cash flow backed transactions; ~90% of incremental disbursements were towards cash flow backed/ A- and above rated transactions. Earlier, two-thirds of our book was characterised by promoter funding or structured funding. With prudent strategies we were able to diversify our book by increasing the composition of collateralised loans and medium ticket corporate loans, which resulted in increased stability and granularity of our wholesale loan book.

Having started the year with a strong pipeline of disbursements from loan approvals made during March 2020, we realised the best option going ahead was to pause and evaluate the risks of the evolving the COVID-19 situation. As a result, the first quarter was a stagnant period; it was only when the pandemic-induced showed signs of improvement that we reviewed and proceeded with the disbursements of the spill over transactions from March 2020.

We started analysing the developments of the Indian economy and started putting greater emphasis on sectors that were least affected by the pandemic such as pharmaceuticals, iron and steel, cement and specialty chemicals, among others. As the situation started improving towards the second half of the year, we embarked on building our business and were able to reach the pre-COVID-19 levels by the end of the third quarter.

We recorded a pre-provision profit of ₹384 Crore vis-à-vis ₹381 Crore in the previous year, despite higher investments in the retail business. The profit after tax increased by ~19% to reach ₹195 Crore, compared to ₹163 Crore in the previous year.

This growth could be attributed to the significant investments we have made to build a strong customer focussed franchise and the retail segment.

We started analysing the developments of Indian economy and started putting greater emphasis on sectors that were least affected by the pandemic such as pharmaceuticals, iron and steel, cement and specialty chemicals, among others.

On the retail side of things, we continued our focus on diversifying our offerings including business loans, personal loans, housing and consumer finance loans. This will enable us to make the loan book more granular across all business segments. Our emphasis on customer-centricity will hold us in good stead, as we focus on capitalising on emerging opportunities in this space.

Additionally, we are looking to cross-sell our products to our growing fraternity of customers across the Axis Group. We are also looking at tapping into the expertise of Axis Bank at all levels. The objective is to leverage our parent's intellectual properties and product capabilities optimally.

Overall, I am extremely pleased with the grit and determination that were showcased by all our employees during this period, which was characterised by unforeseen challenges. Despite several restrictions on mobility and business, we managed to operate seamlessly, even from remote locations. Our emphasis on building a strong digital ecosystem will enable us to integrate our processes further, and take faster, data-driven decisions. We will continue to invest in digitalisation extensively to ensure quality customer experience.

During this period of unimaginable health and humanitarian tragedy, the safety and well-being of our employees was our priority. A Central Emergency Response Team (CERT) comprising members of the senior management was formed to constantly monitor and analyse the safety measures. In line with the Government's guidelines, all safety protocols were followed, and we increased our employee engagement initiatives. All our employees were advised to work from home unless there was a business exigency. We also revised our Group term insurance and Mediclaim, extending the same to all employees and their family members.

Going forward, our primary focus will be on quality-driven growth and we will continue to monitor and maintain the asset quality of our existing portfolio. With nationwide vaccination drives gaining momentum, we expect that the recovery rate will further improve restoring the economy.

We plan to make inroads into the emerging corporates segment and continue to explore portfolio buy-outs, tie-ups, and acquisitions. Besides, we will work towards strengthening our core technologies and our risk management framework to enhance value for all our stakeholders.

Our entire team at AFL are overwhelmed by the support we have received from all our stakeholders and vow to repay this faith by continuing our progress and elevate the quality of our products and services.

Regards,

Bipin Saraf
Managing Director and CEO

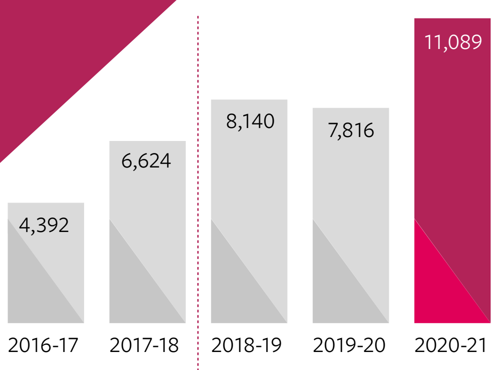
We continued our focus on diversifying our offerings including business loans, personal loans, housing and consumer finance loans.

Key performance indicators

RESILIENCE IN OUR PERFORMANCE

Gross AUM*

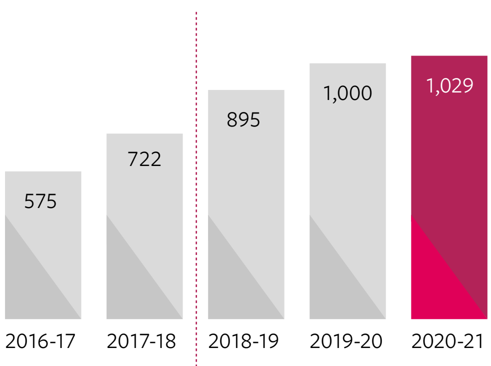
₹ (in Crore)



*Before making any Ind AS adjustments

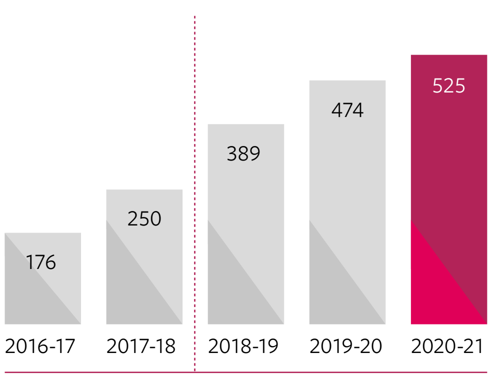
Total income

₹ (in Crore)



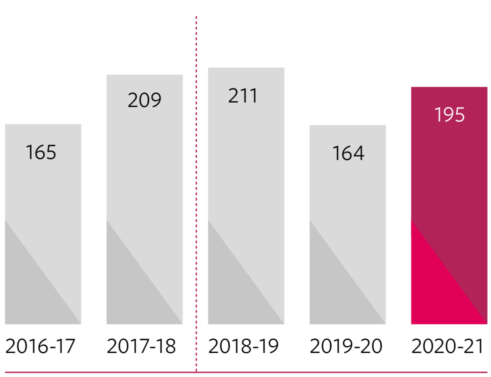
Net interest income

₹ (in Crore)



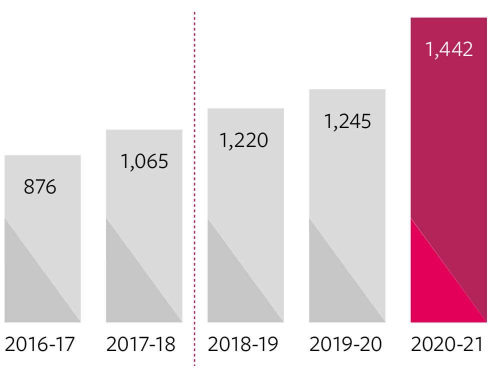
Profit after tax

₹ (in Crore)



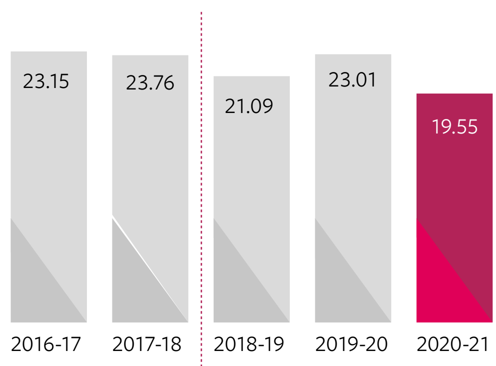
Net worth

₹ (in Crore)



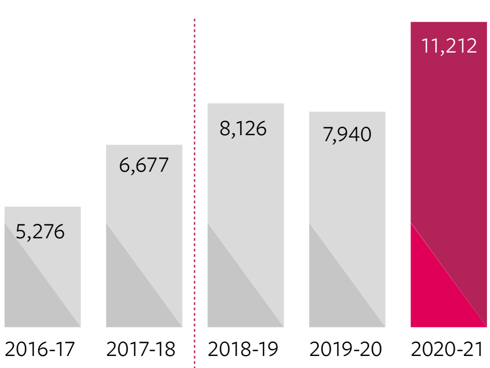
Capital adequacy ratio

(%)



Total assets

₹ (in Crore)



LHS of separator - IGAAP
RHS of separator - Ind AS

Business model

HOW WE CREATE VALUE

Stakeholder relationships we depend on

Employees	We work closely with our people to encourage them to bring their best to work, every day
Customers	We cater to wide variety of customers including individuals, small, medium, and large businesses to meet their financial needs
Business partners	We closely work with various direct and indirect distribution 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 the social welfare programmes of the Axis Bank Foundation

Business processes

Additional services

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

Operations

- Customer service
- Disbursals
- Collections

Product design

- Risk management
- Acturial sciences
- Data science

Product distribution

- Phygital network of branches,distribution partners and digital platforms

Investments

- Asset liability manangement
- 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 timely payment of taxes

Partnering communities in their journey to prosperity

Operating context

HOW WE PRUDENTLY RESPONDED TO THE CRISIS

The year under review brought about huge uncertainty and volatility in our operating environment. Our first priority was managing the unfolding crisis with courage and confidence and take adequate measures to ensure business continuity, while taking necessary steps for the safety and well-being of our teams along with other stakeholders.

Backdrop

The national lockdown created overwhelming challenges for the NBFC sector. The priority was to safeguard our capital and maintain adequate liquidity to protect balance sheets against asset slippages. NBFCs across the country also placed greater emphasis on maintaining the asset quality as it was an important element to weather this downturn.

The situation, however, started to improve during the second quarter as there was a gradual pick-up in demand post the phased lifting of lockdown restrictions. However, while passenger vehicles, residential real estate and FMCG segments saw historical rebound tourism, commercial vehicles and discretionary spending still struggled to recover. NBFCs across the country had to be extremely cautious and had to strategically monitor and enter the sectors, which showed gradual signs of recovery.

The second half of the year saw a silver lining as the infection rates had significantly declined and it appeared that the economy was on its path to recovery. Consumer sentiment improved, validated by the increase in footfalls in malls, hotels and airports, among others. Banking on the improving business environment, NBFCs took proactive measures to accelerate the growth of their loan book.

NBFCs which are primarily involved in the wholesale, MSME and rural spending, witnessed significant decline in their loan book during the year under review. However, NBFCs that had a higher composition of home loans or loans against property (LAP) and gold loans, performed reasonably better than others. The growth outlook of the NBFCs were also jeopardised by the second wave and the future roadmap depends on how the situation unfolds over the foreseeable future.

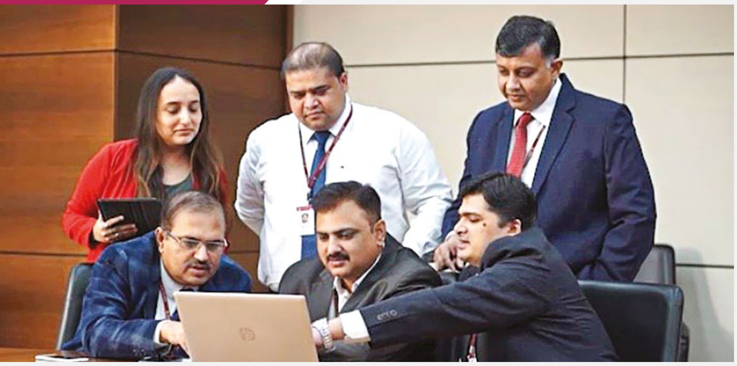
How AFL responded

Having started the year with a backlog of disbursements from March, 2020, it was imperative to pause and analyse the market development that transpired. The first quarter was a stagnant period in terms of lending due to muted consumer sentiments, and the adverse effect it had on most businesses. After carefully monitoring the situation, we started clearing the backlog in May, 2020.

As the situation gradually improved in the second quarter, we realised that it was imperative to place greater emphasis on sectors which had been the least affected by the pandemic. In line with this, we strategically focussed on sectors such as pharmaceutical, cement, iron and steel and specialty chemicals, among others; these sectors, in fact, benefited from the changed realities of the post-pandemic world.

As the situation improved towards the second half, we adopted a more aggressive approach and capitalised on the improving economic scenario. In the wholesale segment, we placed greater focus on increasing the composition of well-rated companies and cash-flow backed transactions, whereas we on the retail side, we focussed on expanding into high-potential markets as well as product segments after thorough analysis of the external environment. The wholesale segment and the retail business recorded the highest disbursals in the fourth quarter. In line with the economic recovery, we performed significantly better in the concluding quarters.

During the year, we continued to monitor our portfolio frequently and were satisfied with the asset quality. As the year progressed, we started seeing traction in our stressed asset pool and expect to see recoveries in this bucket over the foreseeable future.



Key initiatives undertaken

Selective lending: We implemented stringent credit checks for evaluation and focussed on low leveraged companies with good credit ratings and stable cash flows for lending. Besides this, we also placed greater emphasis on foraying into sectors which showed signs recovery.

Loan book diversification: We were able to diversify our book due to our strategic efforts of increasing the composition of collateralised and medium-ticket corporate loan books. Besides this, we also explored multiple transactions in the warehousing segment after noticing the rapid growth of e-commerce in the country.

Decreasing our real estate guardrail: We strategically reduced our concentration in the real estate sector which is down from a peak of ~35% to ~15% vis-à-vis guardrail of 25%. However, as the situation improved towards the second half of the year, we sanctioned 5-6 cases and disbursed only ~₹150 Crore.

Protecting asset quality: We closely monitored our portfolio during the year, based on which, we were able to take pre-emptive measures to protect the asset quality, especially the sectors that were deeply affected by the pandemic.

20%
Y-o-Y growth of wholesale book

>2X
Y-o-Y growth of the retail book

19%
Y-o-Y growth of total comprehensive income

Digital transformation

SMARTER WAYS OF MANAGING OUR BUSINESS

The pandemic has only accelerated the need for digitalisation. At Axis Finance, we have always been proactively investing in digitalisation. If anything, the pandemic has catalysed our journey towards becoming a more digital-focused organisation.

Acquire

Our customer acquisition model is propelled by a fully digital, assisted digital, and in-person engagement model. Based on specific needs, we cater to customer requirements.

Engage

We provide customers personalised and comprehensive onboarding and post sales services by digitalising and enabling self-service through an omni-channel experience. Thus, we ensure an excellent and consistent client experience.

Transact

We are moving towards providing an entire repertoire of payment options, including Unified Payments Interface (UPI) and BharatPe System for a faster and seamless experience for our customers.

Pillars of our digital transformation

Robust core systems

- Integrated LOS, LMS and collection and incentive modules
- External APIs for OCR and KYC validation
- Smart banking and Bureau Summary output for decision making
- Collateral management system
- Omni-channel onboarding experience

Ease of work

- Mobile HRMS application for employees
- Expense Management App
- Comprehensive Employee Portal- Sales Kit
- Channel-Partner Portal

Innovative digital experience

- Revamped and innovative AFL website design
- Proactive WhatsApp communication post customer onboarding
- Improved customer portal
- E-invoice for channel partners

Data to intelligent insights

- Robotic Process Automation for internal processes
- 3rd party API Integrations for faster TAT
- Automated dash boards with actionable data triggers
- Scorecards for customer profiling and credit assessment

Robust core system

Customised LOS- CD, PL, HL/LAP: 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 DSAs based on the disbursements and also incentives for the collections team.

Central reporting system: To generate system generated statements and reports, which comprises Loan Outstandings 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 collections teams and agencies, track all follow-up activities on the case and record the actual monies collected, along with generating e-receipts.

Data to intelligent insights

This enables us to monitor and analyse raw customer data and transform them into intelligent business insight.

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.

Ease of work

HRIS mobile application: We introduced the HRIS mobile application for our employees in a bid to make their experience more seamless and reduce the dependency on intranet availability to access the HR system. It has a geo-tagging based attendance marking functionality and provides information like personal data, team statistics, and attendance and leaves with just one click. This has significantly improved 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.

Calculators: Our employees are provided with tools such as EMI calculators, product-wise eligibility calculators, debt consolidation calculators and common conversion calculators, which minimises the chances of human error and higher productivity.

Innovative digital experience

AFL website: To reach out to our customers, we had to revamp our website completely, starting from design to adding features such as digital applications, product EMI calculators, online tracking of applications and integrated payment options. We have also introduced dedicated customer services and WhatsApp communication pages.

WhatsApp communication: Within 48 hours, the onboarding letter is sent off to the customers and loan agreement is shared within seven days. Coupled with this, the customers are regularly updated about any PLR or ROI changes.

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

Human resource interventions

We had to make digital interventions in the human resource function of our Company to ensure the safety and well-being of our employees, along with enhancing their productivity.

Reward and recognition

We have always promoted a culture of appreciation and positive reinforcement, which catalyses the overall development of our employees. Based on the Company's values of ownership, team work and customer-centricity, digital interventions have been implemented to recognise outperforming employees, who are then remunerated accordingly. During the year under review, 99 employees have been rewarded for exceptional performances.

Gcube

We have undertaken this digital skill-development initiative to equip our employees with the required knowledge, insight and context, which familiarises them with various systems in place and promoting the culture of compliance. Multiple courses related to InfoSec, products, policies and procedures and induction, among others, are available on the portal.

Employee portal

We have an employee portal where the employees have access to the entire sales kit, performance dashboard, application status tracker and templates of important documents. This helps in significant reduction of time and enhances the productivity of the employees.

Employee engagement

In a bid to keep our employees motivated during this dismal period, we have ramped up our employee engagement initiatives. We conduct leadership calls once every fortnight and weekly calls with the HR department, all on digital platforms.

Strategic priorities

EQUIPPED WITH RIGHT STRATEGIES AND RESOURCES

Although the business environment seems uncertain, we are confident of our ability to capitalise on emerging opportunities on the strength of our customer-centric strategies, highly proactive team and industry-leading technologies. Also, our corporate governance and risk-management mechanisms are robust enough to handle any sudden spurt in operational and market-related risks.

Deepen the existing customer base

Our customers are the focal point of our strategies and based on their needs, we provide customised financial solutions to provide a seamless experience. As a result, we have been able to develop long-standing relationships, which have resulted in enhanced brand value and top-of-the-mind recall.

Diversify our offering

We are strategically launching high-impact products for the retail segment over the last three years. We could diversify our book due to an increase in the composition of collateralised loan book and medium-ticket corporate loans, resulting in the increased stability of our book, thereby making it more granular. In a bid to enhance granularity, geographic concentration and margins, we plan on foraying into the emerging corporates market in FY 2021-22.

Grow the overall assets yield

We put emphasis on maintaining our asset quality and not just growth. We are looking to improve our overall yield in two ways. One, by foraying into the emerging corporates segments and two, by repricing of low yield assets as per contractual terms.

Address future challenges of scalability and stable book

We were able to maintain a strong book, validated by the fact that no accounts had to be restructured under the COVID restructuring scheme. In the wholesale segment, we will continue to focus on well-rated companies and cash flow-backed transactions, whereas on the retail side, we will leverage our already developed technology stack and optimise human resources to grow our loan book.

Increase in IT investments

We will continue to invest in our IT systems, solutions and processes to provide the most seamless experience to our customers. Our IT system plays a crucial role throughout the loan cycle, starting from the acquisition stage till full repayment. Besides this, it will also help enhance productivity, reduce costs, and drive the growth of our retail loan book over the foreseeable future.

Strengthen the risk management framework

At Axis Finance, we are aware of the reality that it is imperative to strengthen our risk management framework during these unprecedented times. Our risk management policies are under the direct supervision of the Board and they are reviewed annually and the adequate measures are undertaken. Our focus is to build robust compliance and monitoring systems for our wholesale and retail products, along with strategically mitigating operational and market-related risks.

Board of Directors

ROBUST GOVERNANCE AND OVERSIGHT

Mr. Amitabh Chaudhry
Chairman

Mr. Bipin Saraf
Managing Director & CEO

Mr. Biju Pillai
Whole-time Director

Mr. Deepak Maheshwari
Non-Executive Director

Mrs. Madhu Dubhashi
Independent Director

Mr. V R Kaundinya
Independent Director

Mr. K N Prithviraj
Independent Director

Mr. B Babu Rao
Independent Director

STATUTORY REPORTS

FINANCIAL STATEMENTS

Board's Report

To
The Members of
Axis Finance Limited ("Company")

Your Directors are pleased to present the 26th Annual Report on the business, operations and state of affairs of the Company together with the audited financial statements of the Company for the financial year ended March 31, 2021.

Financial Performance of the Company:

The highlights of the Financial Performance of the Company for the Financial Year ("FY") 2020-21 are as under:

(₹ in Crores)

Particulars	Current Financial Year 31.03.21	Previous Financial Year 31.03.20
Income from Operations	1,029.17	1,000.18
Other Income	-	0.32
Total Revenue	1,029.17	1,000.50
Total Expenditure	766.84	760.28
Profit/(Loss) before Taxation	262.33	240.22
Tax expenses / (Credit)	67.71	76.73
Profit/(Loss) after Taxation	194.62	163.49
Other comprehensive income	0.02	(0.33)
Total Comprehensive Income for the year	194.64	163.16
Balance brought forward from previous year	266.12	286.50
Profit available for appropriation		449.66
Less: Appropriations		
- Final Equity Dividend	-	(120.19)
- Tax on Equity Dividends	-	(24.70)
- Previous Year Tax on Equity Dividends	-	-
- General Reserve	-	-
- Transfer to Statutory Reserve	(42.23)	(38.65)
Surplus carried to the Balance Sheet	**418.53**	**266.12**

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 ₹1,029.17 crores and ₹194.62 crores as against ₹1,000.50 crores and ₹163.49 crores, respectively, in the previous year. Your Company transferred an amount of ₹42.23 crore to Reserve Fund pursuant to Section 45-IC of the RBI Act, 1934. The Capital to Risk Asset Ratio (CRAR) as on 31st March 2021 stood at 19.55%

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

Dividend:

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

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

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 Annual Report. During the year under review, there has been no change in the nature of business of the Company.

Share Capital:

Company has allotted 15,00,000 Equity Shares of ₹10 each at par aggregating to 1,50,00,000 to the shareholders of the Axis Private Equity Limited pursuant to the order passed by the Hon'ble National Company

Law Tribunal, Mumbai bench approving the Scheme of Amalgamation between the Company (as Transferee Company) and Axis Private Equity Limited (as Transferor Company). The equity shares issued and allotted as aforesaid shall rank pari-passu in all respects with the existing equity shares in the Company. Consequently paid up share capital of the company as at March 31, 2021 stood at ₹482,25,00,000/-.

Directors & Key Managerial Personnel:

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

Policy on Appointment of Directors and Senior Management Personnel

In terms of Section 178 of the Companies Act, 2013 read with rules framed thereunder and the RBI Master Directions, as amended, your Company has adopted, 'Policy on "Fit & Proper" Person Criteria' for appointment of Directors and Senior Management Personnel of the Company which forms part of Nomination & Remuneration Policy of the Company. The said Policy is available on the website of the Company viz. https://www.axisfinance.in/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 provisions of Section 149(6) and sub rule 3 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 of the Act.

Your Board of Directors is of the Opinion that Independent Directors appointed / re-appointed during the year under review have the required integrity, expertise and experience (including the proficiency) as required under the applicable laws.

Change in Directors:

Director(s) retiring by rotation

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

Appointment of Mr. B. Babu Rao as an Additional Independent Director of the Company

Mr. B. Babu Rao (DIN: 00425793) was appointed as an Independent Director of the Company w.e.f. April 16, 2021. In terms of Section 161 of the Companies Act, 2013 (as amended), Mr. B. Babu Rao holds office upto the date of the forthcoming Annual General Meeting. The Company has received a Notice from a member proposing candidature of Mr. B. Babu Rao as Director of the Company. Accordingly, the approval of members for appointment of Mr. B. Babu Rao as an Independent Director for a term of five years with effect from 16th April, 2021 upto 15th April, 2026 (both days inclusive) is being sought at the forthcoming Annual General Meeting.

Resignation of Mr. Pralay Mondal as Director:

Mr. Pralay Mondal resigned as director of the Company w.e.f. September 14, 2020. Your directors place on record their sincere appreciation for his contribution to the Company as a director. Mr. Mondal was a Member of the Nomination and Remuneration Committee, the Information Technology (IT) Strategy Committee and Grievance RedressalCommittee upto September 14, 2020.

Key Managerial Personnel

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

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

Board Evaluation

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

A structured questionnaire designed for the performance evaluation of the Board, its Committees, Chairman and individual directors and in accordance with the criteria set and covering various aspects of performance including structure of the board, meetings of the board, functions of the board, role and responsibilities of the board, governance and compliance, conflict of interest, relationship among directors, director competency, board procedures, processes, functioning and effectiveness was circulated to all the directors of the Company for the annual performance evaluation. Based on the assessment of the responses received to the questionnaire from the directors on the annual evaluation of the Board, its Committees, the Chairman and the individual Directors, a summary of the Board Evaluation was placed before the meeting of the Independent Directors for consideration. Similarly, the Board at its meeting assessed the performance of the Independent Directors. The Directors were satisfied with the results of the performance evaluation of the Board & its Committees, Chairman and individual directors.

Meeting of Independent Directors

A Separate Meeting of Independent Directors of your Company was held on March 18, 2021 without the presence of the Non-Executive Chairman, the Managing Director, the Whole-time Director and the

Board's report

management team of the Company. The meeting was attended by all the Independent Directors.

Change in Shareholding:

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

Subsidiaries / Joint Venture / Associate Companies:

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

Human Resource:

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

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

To accelerate the company's growth and agility across locations, your Company has focused on strategic hiring. The company ended the year with a work force strength of 749 employees on its payroll.

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

Compliance Monitoring & Reporting Tool:

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

Updates on Amalgamation:

The Scheme of Amalgamation between your company and Axis Private Equity Limited (Transferor Company) has been approved by the Hon'ble NCLT, Mumbai. In this connection, the Hon'ble NCLT, Mumbai has pronounced the order. Subsequently, the Order of NCLT was filed with the Registrar of Companies (ROC), Maharashtra Mumbai and ROC has approved the Scheme of Amalgamation on September 02, 2020. Consequently, your company has allotted 15,00,000 Equity Shares of ₹10 each at par aggregating to 1,50,00,000 to the shareholders of the Axis Private Equity Limited.

Finance & Credit Ratings:

Finance:

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

Credit Rating:

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

Facility	CRISIL	India Ratings	Amount (₹ in Crores)
Bank Facilities	NA	IND AAA/Stable	7500.00
Short Term Debt Programme	NA	IND A1+	2000.00
Non-Convertible Debentures	CRISIL AAA/Stable	IND AAA/Stable	CRISIL-6000.00 India Ratings- 3107.00
Market Linked Debentures	NA	IND PP-MLD AAA emr/Stable	500.00
Subordinated Bonds	CRISIL AAA/Stable	IND AAA/Stable	CRISIL- 800.00 India Ratings-800.00
Commercial Papers	CRISIL A1+	IND A1+	CRISIL- 10,000.00 India Ratings-10,000.00

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

Deposits:

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

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

Annual Return:

Pursuant to the provisions of section 134(3)(a) and section 92(3) of the Companies Act, 2013 read with rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return of the company as on 31st March, 2021 once prepared shall be disclosed on the Company's website at https://www.axisfinance.in/investors-corner/disclosures

Annual return as on 31st March, 2020 in form MGT-7 is available on the website of the Company viz. https://www.axisfinance.in/investors-corner/disclosures

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

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

Relevant Form (AOC-2) for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 is given as **Annexure I** to this Report.

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

Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee for their review on a periodical basis.

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

Internal Financial Control Systems:

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

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company ensures compliance with operating procedures, accounting procedures and policies at all locations of the Company. Based on the report of Internal Audit Function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

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

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

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

Risk Management:

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

Board's report

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

The Remuneration Policy, Disclosure of Remuneration & Particulars of Employees:

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

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

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

Applications under IBC:

There is NIL case filed against the Company under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year.

However, the Company being the Financial Creditor for various Borrower Companies, proceedings are going on under the Insolvency and Bankruptcy Code, 2016 for recovery of loan amount.

Corporate Social Responsibility (CSR)

In accordance with the provisions of Section 135 of the Act and the CSR Policy, the Company has contributed ₹5,90,91,387/- (Rupees Five crores Ninety lakhs Ninety One Thousand Three Hundred and Eighty Seven 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 III to this Report as mandated under the said Rules. The Policy adopted by the Company on Corporate Social Responsibility (CSR) is placed on the website of the Company at https://www.axisfinance.in/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 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 IV** 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/policies-and-standards/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 the its size and business operations. In addition to the governance practices, the Board lays strong emphasis on transparency, accountability and integrity. At present, the Board strength is 8 (eight) Directors comprising of 2 (two) Executive Directors, 2 (two) Non-Executive Non Independent Directors, and 4 (Four) Independent Directors.

Composition of the Board of the Company:

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

Meetings of the Board of Directors:

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

During the financial year 2020-21, the Company held 6 (six) meetings of the Board of Directors as per Section 173 of Companies Act, 2013. These were held on April 25, 2020, May 30, 2020, July 16, 2020, October 16, 2020, January 15, 2021 and March 18, 2021. The provisions of Companies Act, 2013 were adhered to while considering the time gap between any two meetings.

Committees of Board:

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

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

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

1) Audit Committee

The Members of Committee possess strong accounting and financial management knowledge. The Committee meets the composition requirement pursuant to the provisions of Section 177 of the Companies Act, 2013.

The composition of Audit Committee as on March 31, 2021 is as under:

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

During the financial year 2020-21, the committee held 10(ten) meetings. These were held on April 24, 2020, May 29, 2020, June 17, 2020, July 15, 2020, July 18, 2020, October 15, 2020, November 04, 2020, January 14, 2021, February 09, 2021 and March 17, 2021.

2) Nomination & Remuneration Committee

The Nomination and Remuneration Committee is formed in compliance with the provisions of Section 178 of the Companies Act, 2013.

The composition of Nomination and Remuneration Committee as on March 31, 2021 is as under:

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

Mr. Pralay Mondal was a member of the Nomination and Remuneration Committee upto September 14, 2020. Post his resignation, Mr. Deepak Maheshwari was appointed in the Nomination and Remuneration Committee w.e.f October 01, 2020 as a Non Executive Director. During the financial year 2020-21, the committee held 4 (Four) meetings. These were held on April 22, 2020, June 17, 2020, October 16, 2020, and March 17, 2021.

3) Risk Management Committee

The Risk Management Committee of the Company is formed in Compliance with the Guidelines of Reserve Bank of India on Corporate Governance.

The composition of Risk Management Committee as on March 31, 2021 is as under:

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

During the financial year 2020-21, the committee held 6(six) meetings. These were held on April 22, 2020, June 17, 2020, July 15, 2020, October 15, 2020, January 14, 2021 and March 17, 2021.

4) Committee of Directors

Committee of Directors is formed to review loans sanctioned by committee of executives, provides approval for loans above certain stipulated limits, to discuss strategic issues in relation to credit policy and deliberate on the quality of credit portfolio of the company.

The composition of Committee of Directors as on March 31, 2021 is as under:

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

During the financial year 2020-21, the committee held 15 (Fifteen) meetings. These were held on May 16, 2020, May 25, 2020, June 17, 2020, July 06, 2020, July 13, 2020, August 18, 2020, August 25, 2020, September 14, 2020, October 16, 2020, November 03, 2020, January 14, 2021, February 11, 2021, February 20, 2021, March 17, 2021 and March 25, 2021.

5) Corporate Social Responsibility (CSR) Committee

The CSR Committee is formed in compliance with the provisions of Section 135 of the Companies Act, 2013.

The composition of CSR Committee as on March 31, 2021 is as under:

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

During the financial year 2020-21, the committee met once on July 04, 2020 which was attended by all the members.

6) Information Technology (IT) Strategy Committee:

IT Strategy Committee is formed as per the RBI Master Direction pertaining to 'Information Technology Framework for the NBFC Sector'.

The composition of IT Strategy Committee as on March 31, 2021 is as under:

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

During the financial year 2020-21, the committee held 6 (six) meetings on April 22, 2020, June 17, 2020, July 15, 2020, October 16, 2020, January 14, 2021 and March 17, 2021 in which all the members were present.

7) Asset Liability Management Committee:

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

The composition of Asset Liability Management Committee as on March 31, 2021 is as under:

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

During the financial year 2020-21, the Committee met once on a monthly basis throughout the year.

8) Internal Complaints Committee:

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

9) Grievance Redressal Committee:

The Grievance Redressal Committee specifically look into the mechanism of redressal of grievances of shareholders, debentures holders and other security holders.

The composition of Grievance Redressal Committee as on March 31, 2021 is as under:

I. Mr. V. R. Kaundinya : Chairman (Independent Director)
II. Mr. Bipin Kumar Saraf : Member (Managing Director & CEO)
III. Mr. Biju Pillai : Member (Whole Time Director)

During the financial year 2020-21, the committee met four times on 04th August, 2020, 6th November, 2020, 14th January, 2021 and 17th March, 2021.

10) Annual General Meeting:

The Annual General Meeting of the Company for FY 2020-21 was held on July 06, 2020. It was attended by the Chairperson of Audit Committee, and by the Chairperson of the Board as required under Companies Act, 2013.

Attendance of the Members in The Board and Committee Meetings:

Type of Meeting	No of meetings held	Mr. Amitabh Chaudhry	Mr. Bipin Kumar Saraf	Mrs. Madhu Dubhashi	Mr. V. R. Kaundinya	Mr. K. N. Prithviraj	Mr. Pralay Mondal	Mr. Deepak Maheshwari	Mr. Biju Pillai
Board Meeting	6	6	6	6	6	6	3	6	6
Audit Committee	10	NA	NA	10	10	10	NA	8	NA
Nomination and Remuneration Committee	4	NA	NA	4	4	NA	2	2	NA
Risk Management Committee	6	NA	6	6	NA	6	NA	6	5
Committee of Directors	15	NA	15	NA	NA	15	NA	15	NA
CSR Committee	1	NA	NA	1	NA	NA	NA	1	1
IT Strategy Committee	6	NA	6	NA	6	NA	3	NA	5
Grievance Redressal Committee	4	NA	4	NA	3	NA	1	NA	4
Annual General Meeting	1	1	1	1	0	0	1	1	1

Accounting Standards Followed by the Company:

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

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

Secretarial Standards:

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

Auditors

I) Statutory Auditors

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

II) Internal Auditors

In terms of provisions of Section 138 of the Act and other applicable laws, M/s Protiviti India Member Pvt Ltd, Mumbai were the Internal Auditors of the Company for the FY 2020-21. The Internal Audit reports are reviewed by the Audit Committee on periodical basis.

III) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. BNP & Associates, Practicing Company Secretaries, Mumbai to conduct the secretarial audit for the financial year ended March 31, 2021. The Report of the Secretarial Auditor is provided as **Annexure V** to this Report.

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

Compliances of RBI Guidelines

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

Change in Nature of Business, if any

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

Board's report

Material Changes, if any, post Financial Year Ended March 31, 2021

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

Material Adverse Orders, if any

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

Directors Responsibility Statement

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

a. that in the preparation of the annual financial statements for the year ended March 31, 2021, 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

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

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

For and on behalf of Board of Directors

Amitabh Chaudhry
Chairman
DIN: 00531120

Place: Mumbai
Date: 16 April, 2021

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)

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) Current Account Balance
			4) Fixed Deposit Accounts
			5) Axis Bank- Opening Loan Repaid
			6) Capital Infusion
			7) OPE Reimbursement
			8) Demat A/c Charges
			9) NACH Charges
			10) IPA Commission Charges Paid
			11) Service Charges other (IT Service Fees)
			12) Interest Paid on WCDL
			13) Non - Convertible Debentures
			14) Royalty Charges
			15) Group Term Life Premium
			16) Future Service Gratuity Premium
			17) Interest on Fixed Deposits
			18) Axis Bank WCDL & OD
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

Board's report

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 Limited
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

For and on behalf of Board of Directors

Amitabh Chaudhry
Chairman
DIN: 00531120

Place: Mumbai
Date: 16 April, 2021

Annexure – II

DISCLOSURES IN TERMS OF SUB-SECTION 12 OF SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

Sr. No.	Disclosure Requirement	Disclosure Details		
		Name	**Title**	**Ratio**
1.	Ratio of remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Mr. Bipin Kumar Saraf	MD & CEO	**23:1**
2.	Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	**Directors/KMP's**	**Title**	**% increase in remuneration**
		Mr. Bipin Kumar Saraf	MD & CEO	**6%**
		Mr. Amith Iyer	Chief Financial Officer	**6%**
		Mr. Rajneesh Kumar	Company Secretary	**6%**
3.	Percentage increase in the median remuneration of employees in the financial year	**14 %.** The median remuneration increased by 14% as the employee count increased from 646 as on 31st March 2020 to 749 as on 31st March 2021 and new employee addition are predominantly in the lower and middle management levels.		
4.	Number of permanent employees on the rolls of company	**749** permanent employees were on the rolls of the Company as on March 31, 2021		
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average remuneration increase for Non managerial personnel of the company during the financial year was **8%** and the average remuneration increase for the said managerial personnel of the company was **6%**. Remuneration increase is dependent on AFL's performance as a whole, individual performance level and also market benchmarks.		
6.	Affirmation that the remuneration is as per the remuneration policy of the company	The remuneration is as per the Remuneration Policy of the Company.		

For and on behalf of Board of Directors

Amitabh Chaudhry
Chairman
DIN: 00531120

Place: Mumbai
Date: 16 April, 2021

Annexure – III

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. Brief outline on CSR Policy of the Company:

The CSR Policy was approved by the Committee on March 10, 2015. Policy has been framed in accordance with Section 135 of the Companies Act 2013 and the rules framed thereunder. The Policy shall apply to all CSR programs undertaken/sponsored by the Company executed through Axis Bank Foundation or through any other Trust and to the contributions made by the Company to Prime Minister's National Relief Fund or any other fund set up by the Government.

2. Composition of CSR Committee:

Sl. No.	Name of 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)	01	01
2	Mrs. Madhu Dubhashi	Independent Director	01	01
3	Mr. Biju Pillai	Whole Time Director	01	01

3. **Web-link for the CSR committee, CSR Policy and CSR projects:** https://www.axisfinance.in/policies-and-standards/policycsr

4. **Impact assessment of CSR projects:** Not Applicable.

5. **Details of the amount available for set off and amount required for set off for the financial year, if any:**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set- off for the financial year, if any (in ₹)
		NIL	

6. **Average net profit of the company as per section 135(5):** ₹295,45,69,331/-

7.

(a)	Two percent of average net profit of the company as per section 135(5):	₹5,90,91,387/-
(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):	₹5,90,91,387/-

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).		
	Amount	Date of transfer.	Name of the Fund	Amount	Date of transfer.
₹5,90,91,387/-	NIL			NIL	

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

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII	(4) Local area	(5) Location of the project		(6) Project duration	(7) Amount allocated for the project (in ₹)	(8) Amount spent in the current financial Year (in ₹)	(9) Amount transferred to Unspent CSR Account for the project (in ₹)	(10) Mode of Implementation Direct (Yes/No)	(11) Mode of Implementation – Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	Sustainable Livelihood	enhancing vocation skills, livelihood enhancement projects	NO	Chhattisgarh	Bastar	Apr-20-Mar-21	735,484	735,484	-	No	AXIS BANK FOUNDATION	CSR00002350
					Dakshin Bastar Dantewada		858,065	858,065	-			
					Dhamtari		1,225,807	1,225,807	-			
					Kabeerdham		367,742	367,742	-			
					Korba		1,103,226	1,103,226	-			
					Koriya		1,348,388	1,348,388	-			
					Raigarh		858,065	858,065	-			
					Surguja		3,064,518	3,064,518	-			
					Uttar Bastar Kanker		2,696,777	2,696,777	-			
2.				Tamil Nadu	Dindigul	Apr-20-Mar-21	1,627,362	1,627,362	-			
					Madurai		3,254,725	3,254,725	-			
					Pudukkottai		4,882,087	4,882,087	-			
					Ramanathapuram		3,580,197	3,580,197	-			
					Sivaganga		18,877,403	18,877,403				
					Tiruchirappalli		325,472	325,472	-			
3.				Odisha	Kalahandi		1,857,189	1,857,189	-			
					Koraput		4,428,681	4,428,681	-			
					Nabarangapur		4,857,263	4,857,263	-			
					Rayagada		3,142,936	3,142,936	-			
	TOTAL						59,091,387	59,091,387	-			

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

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local area (Yes/ No)	(5) Location of the project		(6) Amount spent for the project (in ₹)	(7) Mode of implementati on Direct (Yes/No)	(8) Mode of implementation -Through implementing agency	
				State	District			Name	CSR Registration number
				NIL					

Board's report

Sl. No.	Particular	Amount (in ₹)
(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):	₹5,90,91,387/-
(g)	Excess amount for set off, if any:	NIL

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	₹5,90,91,387/-
(ii)	Total amount spent for the Financial Year	₹5,90,91,387/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
NIL							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Financial Year in which the project was commenced	Project duration	Number of meetings of CSR Committee attended during the year	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, (Details relating to the asset so created or acquired through CSR spent in the financial year): NIL

Sl. No.	Particular	Amount (in ₹)
(a)	Date of creation or acquisition of the capital asset(s):	NA
(b)	Amount of CSR spent for creation or acquisition of capital asset:	NA
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	NA
(d)	Details of the capital asset(s) created or acquired	NA

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): NIL

Bipin Kumar Saraf
Managing Director & CEO
DIN – 06416744

Deepak Maheshwari
(Chairman CSR Committee)
DIN - 08163253

Annexure – IV

Management discussion and analysis

Axis Finance Limited – Overview

Axis Finance Limited (AFL) is a non-deposit taking Non-Banking Financial Company (NBFC), which provides wholesale and retail financial solutions across select product categories.

Powered by the 'One Axis' ecosystem, Axis Finance is poised for strong growth as a full-service franchise, offering retail as well as wholesale lending solutions across the lending spectrum. Over the preceding two years, Axis Finance has been investing in building a strong customer-focused franchise.

Economic review

Macroeconomic environment

The financial year under review began under extraordinary circumstances due to the rapid spread of the COVID-19 pandemic and the following stringent social-distancing measures and mobility restrictions. Governments and central banks stepped into the breach, attempting to head off household and business financial distress that could potentially exacerbate the situation. Most countries also experienced second and third waves of the pandemic, which saw active fiscal policy take over from emergency monetary policy. This marked the beginning of the economic slowdown and the global economy is estimated to have de-grown by 3.3%. Global trade volume of goods and services contracted by ~8.5% in 2020 and global output contracted by an estimated 3.3%, the sharpest since the Great Depression. Developed countries were the worst hit, with advanced economies contracting by ~4.7% as many countries in Europe and several states of the United States of America adopted strict lockdown measures early on during the outbreak. The beginning of the vaccine roll-out across the world by the end of 2020 and phased removal of lockdown restrictions across various countries kick-started the revival of the global economy, which also received major fiscal stimuli from governments and central banks in several countries, amounting close to 14% of the world output in 2020.

The Indian economy was projected to moderate even before the onset of COVID-19, but the situation got worse after the pandemic-induced lockdown; it was the most stringent lockdown among G20 peers, which resulted in MPC and the RBI rush to limit stresses to financial stability through easing of rates, heavy provision of term liquidity, moratoria on near-term interests and principal repayments, and targeted various facilities to provide support. The Prime Minister of India announced stimulus packages worth ₹20 Lakh Crore and a comprehensive financial package of ₹2.65 Trillion to ensure that the country is able to withstand the challenges induced by the pandemic, which created credit guarantee funds, set up mechanisms to support lower rated enterprises, provide support to migrant workers, and other initiatives. The phased opening further allowed the recovery to gather pace, with many indicators surpassing pre-COVID levels, though services continued to lag. The fourth quarter saw the second COVID-19 wave in India; the second wave of the virus and partial lockdowns across states are impeding a faster recovery.

Prospects for Fiscal 2022

The global economy recovered at a faster-than-expected rate in the second half of 2020 and is expected to register a positive global output growth at 6% in 2021 and 4.4% in 2022. In line with global output recovery, global trade volumes are expected to grow by about 8.4% in 2021, mainly due to the optimism created by the vaccine breakthrough. Multiple vaccines received approval at the end of 2020, and vaccination drives are on globally. The global fiscal support of close to US$ 12 trillion and the extensive rate cuts, liquidity injections, and asset purchases by various central banks could lead to a faster recovery, generate stronger consumption and investment appetite and boost employment. However, a tightening bias has begun noticed, with China targeting relatively slow GDP and credit growth, and other emerging markets beginning rate hikes to deal with potential spillover effects of higher global interest rates over the foreseeable future. Apart from the interplay between fiscal stimulus, rising interest rates and the recovery, the global economy will also be shaped by geopolitical developments and the impact of the second and third waves.

India had taken proactive measures to ensure the containment of the virus to attain economic normalcy. Lockdown restrictions had been lifted in the second half of the year and there was a pick-up in demand as well. However, the second wave of the virus towards the end of FY 2020-21, instilled fear among the populace, and full or partial lockdowns are being slowly imposed across the states. Despite the surge in COVID-19 cases across the country, IMF has raised its growth forecast of the Indian economy to 12.5% for FY 2021-22 and 6.9% for FY 2022-23. This optimism is being driven by India's focus on normalising economic activities, coupled with the quick roll-out of the vaccine. The approval of the production-linked incentives for 10 major sectors will also help India attract investments, thereby catalysing its journey towards becoming a major global player. Besides these, favourable demography and the increasing population, and urbanisation are projected to drive the India growth story over the foreseeable future. (Source: IMF).

Industry Review

NBFC sector review

The NBFC segment has been struggling to cope with liquidity stress and risk aversion of lenders since the second half of FY 2018-19. Post the NBFC sector fallout, the sector was gradually inching towards normalcy in FY 2019-20, when the world got hit by the COVID-19 pandemic, brining operations to a standstill. The NBFC sector was hit harder owing to the inability to function during the initial phase of lockdown. Further, sourcing of funds for small and mid-sized NBFCs was another challenge owing to the reduced risk appetite of banks for low rated and unrated exposures. On the demand side, the prevailing economic slowdown and liquidity crunch across the country subdued credit offtake. Total monthly funds raised by NBFCs from primary market stood at ₹0.2 lakh crore in October 2020 compared to ₹0.8 lakh crore in March 2019, as banks became the major source of their financing needs following the NBFC crisis.

Management discussion and analysis

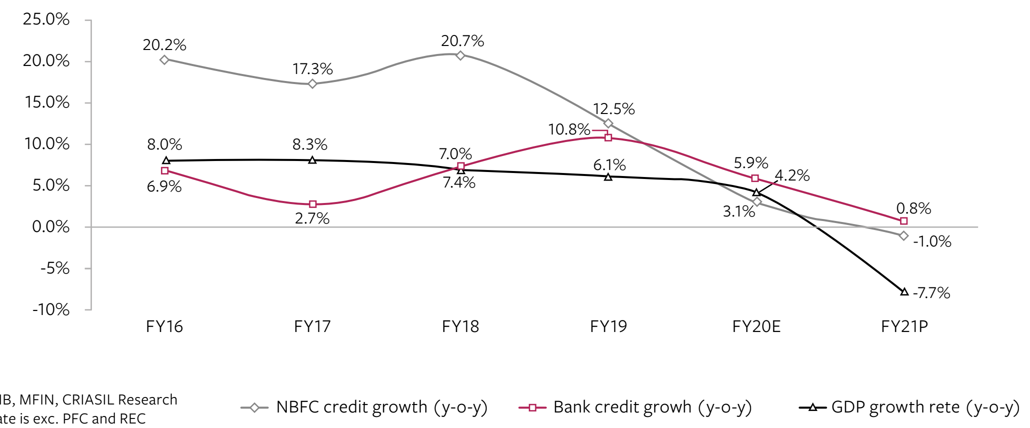
Assets under management (AUM) of NBFCs across the country is estimated to de-grow by 1-3% in FY 2020-21 owing to extensive decline in fresh disbursements. Factors impacting disbursements during FY 2020-21 are as follows:

- Macroeconomic challenges bringing down underlying asset sales, especially across housing and vehicle finance
- Focus on reviving liquidity in order to achieve incremental funding
- Funding costs remain high at NBFCs, in turn, increasing the competition from banks

The amount of credit in the NBFC sector is estimated to register a degrowth of 1% in FY 2020-21 compared to a credit growth of 0.8% in the banking sector.

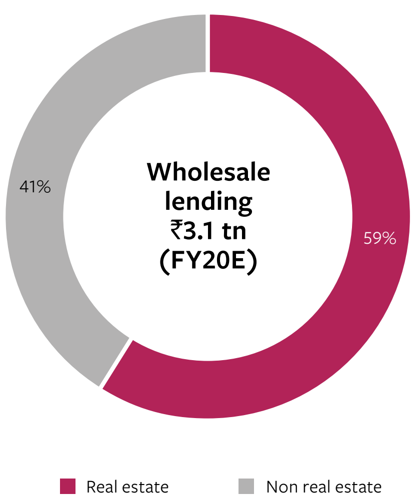
Credit growth: Non-banks to log a decadal low this fiscal

Player group-wise credit growth (on-year)



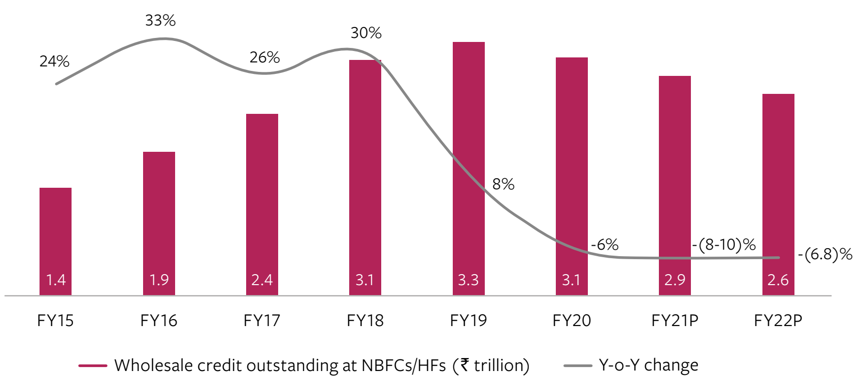
Source: RBI, NHB, MFIN, CRIASIL Research
NBFC growth rate is exc. PFC and REC

Further, the wholesale lending credit by NBFCs is also expected to degrow in FY 2020-21 due to the muted real estate demand across the fiscal, which forms the majority part of the wholesale lending.

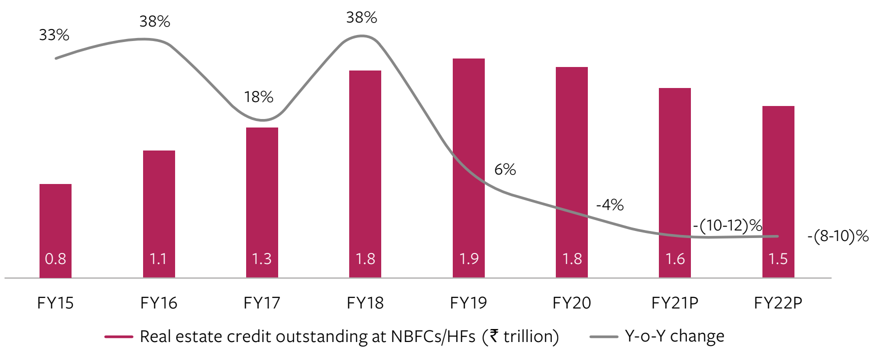


(Source: NBFC Report 2020, CRISIL)

Wholesale credit (NBFCs) to decline by 8-10% in fiscal FY21



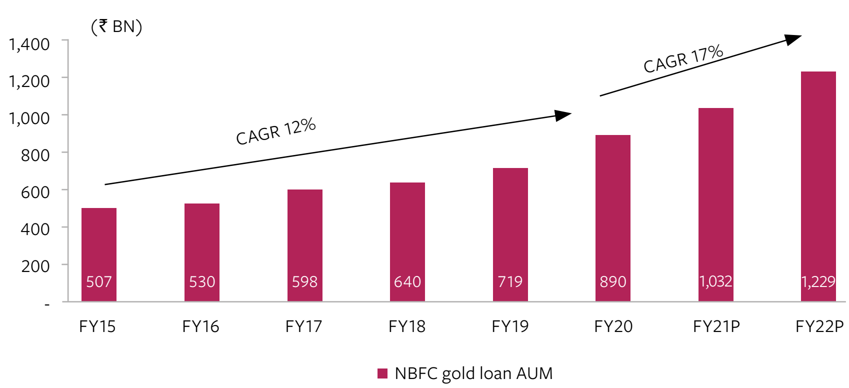
Real estate credit (NBFCs) to decline by 10-12% in fiscal FY21



(Source: NBFC Report 2020, CRISIL)

However, the NBFC gold loan AUM has grown at a CAGR of 12% between FY 2014-15 and FY 2019-20, and is further expected to register consistent growth across the foreseeable future, thus, driving the growth of NBFC credit in the near future.

NBFCs AUM to grow at a relatively higher pace



(Source: NBFC Report 2020, CRISIL)

After the lockdown restrictions were gradually lifted across the country post Q3, the NBFC sector is gradually recovering. However, the surge in the second wave of the pandemic across the country may pose further challenges for the sector in the coming quarters.

Management discussion and analysis

Business review

Operating performance

Axis Finance is strengthening both its wholesale and retail franchise. In the wholesale segment, the Company continues to focus on three major product lines:

- Corporate loans
- Real estate funding
- Collateralised loans

In the retail segment, over the past two years, the Company has focused on diversifying its offerings including business loans, personal loans, housing and consumer finance loans, to make the loan book more granular across all business segments, and this strategy is yielding encouraging outcomes. There is a huge potential available in the market due to exit of larger players. Besides this, the market also lacks the customer experience orientation required in the asset lending space and leveraging this opportunity, we have been able to position ourselves as an organisation whose primary focus is customer-centricity.

We have placed greater emphasis on the need to have standard service levels across all geographical locations, be it metros or non-metros. Our digital interventions have enabled us to make this a reality across all business verticals. The overarching aim is to expand and grow into select, high-potential markets as well as product segments after careful analysis of the external operating environment. The result of these strategies is that our retail book accounts for >15% of the total AUM.

Our wholesale book (contributes 85%+ of overall AUM) composition has seen a massive shift over the course of last 2 years with focus on well rated cos/groups and cash flow backed transactions. ~90% of incremental disbursement during the year were towards cash flow backed/ A- and above rated transactions.

While our overall wholesale Book registered a 22% Y-o-Y growth in AUM led by growth in corporate loan book and collateralised loans, we significantly cut down on our collective LAS and RE portfolio from ~40% to ~17%. We made a conscious effort to reduce RE concentration which is down from a peak of ~35% to ~15% now. However, with the moderation in yield commercial RE and an uptick in residential real estate demand during the year, we selectively explored new RE transactions backed by ready-inventory in select micro-markets.

We were able to diversify our book due to increase in the composition of collateralised loan book and medium-ticket corporate loans, resulting in the increased stability of our book and making it more granular. We plan to foray into the emerging corporates market in FY 2021-22 to add granularity of exposure, geographical concentration and yield higher margins.

Digital transformation

When we embarked on our retail journey, we ensured that digitalisation was the focal point of the entire model. We have made a quantum leap in our digital journey by digitising our processes and the customer onboarding journey and have outperformed the already established players in the market. Our endeavor has always been to create value for our customer universe which comprises of our three fundamental pillars: customers, employees and partners, through digital interventions right from the acquisition stage till the end of their journey. We are in the continuous process of improving our existing processes and implementing newer initiatives to ensure that our customers have the most seamless experience by promoting a culture of contactless business. The outbreak of the novel coronavirus provided us the impetus to catalyse our digital initiatives across the organisation to facilitate the transition to the new normal.

Financial performance

(₹ in Crore)

Particular	FY21	FY20	% Change
Interest Income	1,014.72	994.01	
Interest expense	489.77	520.34	
Net Interest Income	**524.95**	**473.67**	**11**
Other Income	14.45	6.49	
Expenses			
Employee Benefits Expenses	88.91	55.31	
Depreciation, amortisation and impairment	5.81	4.01	
Others expenses	61.14	39.79	
Total Expenses	**155.86**	**99.11**	**57**
Profit/(loss) before taxes & impairment	**383.54**	**381.05**	
Impairment on financial instruments	121.21	140.83	
Profit/(loss) before taxes	**262.33**	**240.22**	**9**
Tax Expenses	**67.71**	76.73	
Profit/(loss) for the period	**194.62**	**163.49**	**19**
Other comprehensive income	0.02	(0.33)	
Total comprehensive income	**194.64**	**163.16**	**19**

The total comprehensive income for the year ended March 31, 2021 stood at ₹195 Crore compared to ₹163 Crore in FY 2019-20, registering a growth of 19% y-o-y. This growth is the result of the investments that Axis Finance has made in the last two years to build a strong customer-focused franchise, with the retail loan book being the primary growth engine.

Despite significant COVID-induced challenges in the operating environment, the profit before impairment and taxes stood at ₹384 Crore in FY 2020-21 as against ₹381 Crore in FY 2019-20, driven by 11% growth in NII from ₹474 Crore to ₹525 Crore. The growth in profit was also impacted owing to high operating expenses, which rose by over 57% from ₹99 Crore to ₹156 Crore, driven by higher employee and other expenses incurred for scaling up the retail segment of the business and change in operating methods in the wake of the pandemic.

During the reporting year, the Company's total disbursements significantly grew Y-o-Y. Approximately 25% of AFL's incremental disbursements came from the retail segment during the year, with the Company's retail book contributing to around 17% to the total loans outstanding as on the year end which is significantly higher as compared to the last year.

The Company's wholesale book composition has also undergone a huge shift over the preceding two years, with focus on well-rated companies and cash-flow backed transactions.

AFL's book quality continues to be strong, and no accounts were required to be restructured under the COVID restructuring scheme during the financial year. Net NPA stood at 1.9% (3.2% in FY 2019-20, a decline of 132 bps) during the year due to prudent provisioning during the year and emphasis on collections efficiency. The Company's PAT stood at ₹194.6 Crore, up 19%, with RoE of 14.5% (68 bps jump Y-o-Y) and healthy CAR at 19.5%.

Loan Book Performance

- **FY21**

  ₹11,089 Crore

  Closing book*

- **FY20**

  ₹7,816 Crore

  Closing book*

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

Segment-wise highlights of the year

Wholesale	Retail
• Q1 was a quiet period in terms of new lending opportunities with spill-over transactions from March-20 getting disbursed after having a re-look • From Q2 onwards, we selectively looked at sectors like pharmaceuticals, cement, iron & steel and speciality chemicals, which benefitted from the changed realities of the post-pandemic world and were least impacted by the pandemic • Q3 and Q4 were strong quarters compared to the first two quarters of the year resulting in accelerated speed of disbursements. • Wholesale disbursement registered a 30% growth Y-o-Y with highest quarterly disbursements in Q4.	• Investment in Retail business has been the key agenda since the last 2 years and the portfolio reflects a growth of 17% • The secured lending segment accounted for >70% of the total retail AUM • Implementation of industry-first digitial initiatives and process innovations, which has provided us the competitive edge • Our product and process innovations have also enabled us to reach the breakeven point in a shorter time frame compared to the established players

Segment-wise strategic priorities for the future

Wholesale	Retail
• Leveraging our experience to capitalise on new market opportunities • Furthers strengthening our core technologies and risk management framework to ensure process excellence • Becoming a top-5 NBFC in the addressable market in the next 3-5 years.	• Further strengthen the digital ecosystem to provide retail customers a differentiated experience • Further leverage the already developed technology stack and optimise manpower resources to grow our loan book

The second wave of COVID-19 and its strong and more widespread resurgence again threatens India's economic growth especially in the first quarter. While the second wave is tapering down in the state of Maharashtra especially Mumbai, other parts of the country continue to struggle with strong resurgence of cases. We are monitoring the developments closely and will take the adequate measures. However, banking on the momentum from Q4FY21 with a strong capital base, on-balance sheet buffers and adequate provisioning, we expect FY 2021-22 to be a strong year for AFL.

We plan to address several roadblocks optimally to make way for further growth trajectory and expect to grow our book by over 50% in FY 2021-22 due to the strong positioning in the corporate lending space, growth opportunities in the retail business and foraying into the emerging corporates segment.

Management discussion and analysis

However, our focus is not just robust but quality-driven growth. Keeping a close tab on the existing portfolio and maintaining the asset quality will remain a key focus area. We expect to start seeing recoveries from our stressed assets pool and are rigorously working with the management and taking adequate legal steps wherever required. Apart from organic growth, we will continue to explore portfolio buy-outs, tie-ups and acquisitions, among others, in line with our proposed growth plan. We will continue to progress on our journey of driving digitalisation as a tool for attracting, retaining and serving customers more efficiently.

SWOT analysis:

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

Risk management

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

Risks	Mitigation steps
Credit Risks/Operations Risks	• Policies and operating guidelines in place for all loan products • In-depth due diligence of loan proposals • Centralised credit decisioning for Wholesale Business and clearly defined delegation/deviation matrix for Retail Business • Exposures above ₹50 Crores sanctioned by Committee of Directors comprising 3 Directors (including 1 Independent Director) • Operational Risk Assessment to strengthen internal controls
Liquidity Risks	• Liability maturity broadly consistent with asset maturity with a prudent funding mix of market borrowing and bank borrowings. • As a policy, the Company maintains unutilised bank lines as a liquidity backstop 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 is under parallel run

The core principle of AFL's risk management is to strive for continuous improvement in the risk maturity of AFL to an optimal level to ensure value creation and protection. At AFL, risk is everyone's responsibility. Every team member is required to comply with applicable laws, regulations and Company policies. The Board holds the management accountable for establishing and maintaining the right risk and compliance culture and for effectively managing various risks.

Information Technology (IT)

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

Internal control systems

AFL observes compliance practices of the highest standard. The compliance team closely monitors the RBI and other notifications on NBFCs, with special attention to those relevant to the Company. The Company follows all prudential norms laid down for NBFCs and submits mandatory returns and statements in time. AFL has implemented a robust framework of internal controls that include precise delegation of authority and Standard Operating Procedures that are available in all business segments and functions. The Company follows the practice of monitoring various internal control functions in-house as well as through external auditors, whenever required or mandated. The Company also reviews risk management processes on a regular basis and documents the results.

Human resources

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

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

To accelerate the Company's growth and agility across locations, it has focused on strategic hiring. As on March 31, 2021 the Company had 749 employees on its payroll with 568 employees in the Retail Finance segment.

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

Cautionary statement

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

For and on behalf of Board of Directors,

Amitabh Chaudhry
Chairman
DIN: 00531120

Place: Mumbai
Date: 16 April, 2021

Annexure – V

Form MR - 3
SECRETARIAL AUDIT REPORT
For the year ended 31st March, 2021

[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 a Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Axis Finance Limited. **CIN No- U65921MH1995PLC212675** (hereinafter called the 'Company') during the half year ended 31st March, 2021, ('the year'/ 'audit period'/ 'period under review').

We conducted the Secretarial Audit in a manner that provided us 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 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 half year ended 31st March, 2021 as well as before the 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 Audit Committee / Board of Directors, and

(iii) **Representations** made, documents shown and information provided by the company, its officers, agents, and authorised representatives during our conduct of secretarial Audit.

We hereby report that in our opinion, during the audit period covering the half year ended on 31st March, 2021 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 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 regarding the Companies Act and dealing with client;

c) The Securities and Exchange Board of India (Issue and Listing Debt Securities) Regulations, 2008;

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).

1.2 During the period under review, and also considering the compliance related action taken by the company after 31st March, 2021 but before the 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 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 held during the half year, the 25th Annual General Meeting held on 06th July 2020 and resolution passed by circulation. The Compliance of the provisions of the Rules made under the Act [paragraph 1.1(i)] and SS-1 [paragraph 1.1(vi) with regard to the Board meetings held through video conferencing on various dates were verified based on the minutes of the meetings , shown to us , by the company

1.3 We are informed that, during the half 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 business activities of the Company, the following specific Acts /Laws /Rules / Regulations are applicable to the Company, which has 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, 2021 comprised of:

(i) Two Executive Director,

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

(iii) Three Non- Executive Independent Directors, namely MR V R Kaundinya, Mr K N Prithviraj and Ms Madhu Dubashi who is also the women Independent Director on the Board of the Company.

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

(i) Appointment of Mr Deepak Maheshwari (DIN: 08163253) as an Additional Director of the company was approved at the board meeting held on June 26, 2019 and the appointment was regularised at 25th AGM.

(ii) Resignation of Mr Pralay Mondal (DIN: 00117994) as director of the company dated September 14, 2020 was noted at Board Meeting held on October 16, 2020

2.3 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings, except for few meetings which were convened at a shorter notice to transact urgent business.

2.4 Notice of Board meetings was sent to directors at least seven days, 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 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 connected papers, 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 their meaningful participation at the meetings

2.8 We note from the minutes verified that, at the Board meetings held during the half year:

(i) Majority decisions were carried through; 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 the company, commensurate with the company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. There is scope for further 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. Hon'ble NCLT, Mumbai Bench, has approved the Scheme of Amalgamation u/s 230 to 232 of the Companies Act, 2013 for Amalgamation of Axis Private Equity Limited (Transferor Company) with the Company i.e. Axis Finance Limited (Transferee Company) via Order dated February 27, 2020.

Certified true copy of the said order was issued by Hon'ble NCLT on 24th July, 2020

2. Obtained approval from its Members at an Annual General Meeting of the Company held on 6th July, 2020 authorizing issue of NCDs on a private placement basis upto ₹7,000 Crores (Rupees Seven Thousand Crores Only) subject to the overall borrowing limit of ₹20,000 Crores.

3. Issued and allotted Secured, Redeemable, Non-convertible Debentures worth of ₹4,832.69 Crores by a way of private placement.

4. Issued and allotted Unsecured, Redeemable, Non-convertible Debentures worth of ₹570 Crores by a way of private placement

5. Allotment of 15,00,000 equity shares of face value ₹10 each aggregation to ₹1,50,00,000 of company pursuant to Scheme of Amalgamation were approved by board through Circular Resolution passed on September 11, 2020

Venkataraman Krishnan
Associate Partner
ACS No.: 8897
C P No.: 12459
For BNP & Associates
Company Secretaries
Peer Review No-637/2019
[Firm Regn. No. P2014MH037400]
UDIN- A008897C000114211

Place: Mumbai
Date: 16 April, 2021

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 A

To,
The Members,
Axis Finance Limited

Secretarial Audit Report 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 31st March 2021 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.

Venkataraman Krishnan
Associate Partner
ACS No.: 8897
C P No.: 12459
For BNP & Associates
Company Secretaries
Peer Review No-637/2019
[Firm Regn. No. P2014MH037400]
UDIN- A008897C000114211

Place: Mumbai
Date: 16 April, 2021

Independent auditor's report

To the Members of Axis Finance Limited

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

Opinion

We have audited the accompanying Ind AS financial statements of Axis Finance Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter - Assessment of COVID-19 Impact

We draw attention to Note 3.20 to the Statement, which describes the uncertainties arising from COVID-19 pandemic and impacting the Company's operations and estimates related to 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
Impairment of financial instruments (expected credit losses)	
(as described in note 39 of the standalone Ind AS financial statements)	
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.	• Our audit procedures included reading the Company's accounting policies for impairment of Financial Instruments and assessing compliance with the policies in terms of Ind AS 109: Financial Instruments. • 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.

Key audit matters	How our audit addressed the key audit matter
In the process, a significant degree of judgement has been applied by the management for: a) Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default' b) Determining effect of less frequent past events on future probability of default c) Grouping of borrowers based on homogeneity by using appropriate statistical techniques d) Determining macro-economic factors impacting credit quality of receivables **Impact of COVID-19** The spread of COVID-19 has severely impacted many economies around the globe. Businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses, resulting in an economic slowdown and economic uncertainties. Measures have also been taken by the Government and the Reserve Bank of India to ease the burden on businesses. The Company has recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. Given the unique nature and scale of the economic impact of this pandemic, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated. In view of the high degree of management's judgement involved in estimation of ECL, accentuated by events caused by the COVID-19 pandemic, it is a key audit matter.	• Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation. • Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested 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. • Assessed the additional considerations applied by the management for staging of loans as SICR • Tested the ECL model, including assumptions and underlying computation. Tested the input data used for determining the PD and LGD rates and agreed the data with the underlying books of account and records. • Tested the arithmetical accuracy of computation of ECL provision performed by the Company. • Read and assessed the disclosures included in the Ind AS financial statements in respect of expected credit losses with the requirements of Ind AS 107 Financial Instruments: Disclosure ("Ind AS 107") and Ind AS 109.
Information Technology	
The Company's key financial accounting and reporting processes are highly dependent on the automated controls over the Company's information systems, such that there exists a risk that gaps in the IT 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.	**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

We have determined that there are no other key audit matters to communicate in our report.

Other Information

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

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

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

Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

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

   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

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

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

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

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

per **Viren H. Mehta**
Partner
Membership Number: 048749
UDIN: 21048749AAAABN6424

Place of Signature: Mumbai
Date: April 16, 2021

Annexure 1

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

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

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

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

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

(iii) According to the information and explanations given to us and audit procedures performed by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

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

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, goods & service tax and other statutory dues applicable to it. The provisions relating to employees' state insurance, sales-tax, service tax, duty of custom, duty of excise and value added tax, are not applicable to the Company.

(b) According to the information and explanations given to us and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

The provisions relating to employees' state insurance, sales-tax, service tax, duty of custom, duty of excise and value added tax, are not applicable to the Company.

(c) According to the information and explanations given to us, there are no dues of income-tax, goods and service tax, service tax, value added tax and cess which have not been deposited on account of dispute. The provision relating to employee's state insurance, sales tax, custom duty, excise duty and value added tax are currently not applicable to the Company.

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

(ix) In our opinion and according to the information and explanations given by the management and audit procedures performed by us, the Company has utilised the monies raised by way of non-convertible debentures for the purposes for which they were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management and audit procedures performed by us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management and audit procedures performed by us, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45 -IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

per **Viren H. Mehta**
Partner
Membership Number: 048749
UDIN: 21048749AAAABN6424

Place of Signature: Mumbai
Date: April 16, 2021

Annexure 2

To the Independent Auditor's Report of even date on the Ind As Financial Statements of Axis Finance Limted

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

We have audited the internal financial controls with reference to Ind AS financial statements of Axis Finance Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by 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 these 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 with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls With Reference to these Ind AS Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to Ind AS Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

per **Viren H. Mehta**
Partner
Membership Number: 048749
UDIN: 21048749AAAABN6424

Place of Signature: Mumbai
Date: April 16, 2021

Balance Sheet

as at March 31, 2021

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

Particulars	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial Assets			
Cash and cash equivalents	4	5,067.80	16,202.03
Bank Deposits other than Cash and cash equivalents		174.53	178.51
Trade Receivables	5	519.66	683.41
Loans	6	10,09,219.51	7,54,544.33
Investments	7	89,717.57	9,027.93
Other financial assets	10	219.44	86.72
Sub-total-Financial Assets		**11,04,918.51**	**7,80,722.93**
Non-Financial Assets			
Current Tax Assets (net)	36	5,022.08	4,396.54
Deferred Tax Assets (net)	36	7,574.59	6,619.93
Property, plant and equipment	8	198.08	219.61
Other Intangible Assets	9	1,448.00	1,408.36
Right-of-use assets	38	1,687.01	360.28
Other non-financial assets	11	356.71	237.96
Sub-total-Non-Financial Assets		**16,286.47**	**13,242.68**
Total - Assets		**11,21,204.98**	**7,93,965.61**
LIABILITIES AND EQUITY			
Liabilities			
Financial Liabilities			
Debt securities	12	7,88,898.01	3,80,677.80
Borrowings (Other than debt securities)	13	1,14,480.73	2,29,442.06
Subordinated Liabilities	14	59,990.04	52,916.72
Lease Liabilities	38	1,749.08	372.87
Other financial liabilities	15	7,954.18	3,536.24
Sub-total-Financial liabilities		**9,73,072.04**	**6,66,945.69**
Non-Financial liabilities			
Provisions	16	2,038.58	1,204.05
Other non-financial liabilities	17	1,846.31	1,358.61
Sub-total-Non-Financial liabilities		**3,884.89**	**2,562.66**
Total-liabilities		**9,76,956.93**	**6,69,508.35**
EQUITY			
Equity share capital	18	48,225.00	48,225.00
Other equity	19	96,023.05	76,232.26
Total - Equity		**1,44,248.05**	**1,24,457.26**
Total - Liabilities and Equity		**11,21,204.98**	**7,93,965.61**

The accompanying notes are forming part of financial statements

As per our attached report of even date

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

per Viren H. Mehta
Partner
Membership No.: 048749

Place of Signature: Mumbai
Date: April 16, 2021

For and behalf of the board of Axis Finance Limited

Amitabh Chaudhry
Chairman
DIN No: 00531120

Bipin Kumar Saraf
Managing Director
DIN No: 06416744

Amith Iyer
Chief Financial Officer

Rajneesh Kumar
Company Secretary
Membership No: A31230

Statement of Profit and Loss

for the year ended 31 March, 2021

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

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations			
Interest Income	20	1,01,471.77	99,401.10
Net gain on fair value changes		1,299.69	143.07
Others	21	145.01	474.22
Total Revenue from operations		1,02,916.47	1,00,018.39
Other Income	22	-	31.90
Total income		**1,02,916.47**	**1,00,050.29**
Expenses			
Finance Costs	23	48,976.85	52,033.65
Impairment on financial instruments	24	12,121.14	14,083.03
Employee benefits expenses	25	8,890.50	5,530.70
Depreciation, amortisation and impairment	26	581.25	401.19
Others expenses	27	6,113.92	3,979.02
Total expenses		**76,683.66**	**76,027.59**
Profit before exceptional items and tax		26,232.81	24,022.70
Exceptional Items		-	-
Profit before taxes		26,232.81	24,022.70
Tax expenses			
- Current Taxes	36	7,726.17	9,263.71
- Deferred Taxes	36	(955.38)	(1,590.36)
Profit for the year		**19,462.02**	**16,349.35**
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
(a) Re-measurements of net defined benefit plans		2.89	(44.66)
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.73	(11.24)
Sub-total (A)		2.16	(33.42)
B (i) Items that will be reclassified to profit or loss		-	-
Sub-total (B)		-	-
Other Comprehensive Income (A+B)		2.16	(33.42)
Total Comprehensive Income for the year		**19,464.18**	**16,315.93**
Paid-up Equity share capital (Face Value of ₹10 each)		**48,225.00**	**48,225.00**
Earnings per equity share			
Basic (₹)		4.04	3.39
Diluted (₹)		4.04	3.39

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

Amitabh Chaudhry
Chairman
DIN No: 00531120

Bipin Kumar Saraf
Managing Director
DIN No: 06416744

per Viren H. Mehta
Partner
Membership No.: 048749

Amith Iyer
Chief Financial Officer

Rajneesh Kumar
Company Secretary
Membership No: A31230

Place of Signature: Mumbai
Date: April 16, 2021

Statement of Changes in Equity

for the year ended 31 March, 2021

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

1. Equity Share Capital

Particulars	Balance at the beginning of the year	Changes in equity share capital during the year	Balance at the end of the year
As at March 31, 2020	48,225.00	-	48,225.00
As at March 31, 2021	48,225.00	-	48,225.00

1A. Other equity

Particulars	Reserves and Surplus				Deemed Capital Contribution	Total
	Statutory Reserve	Securities Premium	Retained Earnings	General Reserve		
Balance as at April 1, 2019	**16,966.00**	**28,217.50**	**28,464.03**	**-**	**316.75**	**73,964.28**
Add : Transfer Pursuant to Merger of Axis Private Equity Limited	-	-	185.93	33.04	-	218.97
Balance as at April 1, 2019 (Restated)	**16,966.00**	**28,217.50**	**28,649.96**	**33.04**	**316.75**	**74,183.25**
Profit for the period (a)	-	-	16,349.35	-	-	16,349.35
Remeasurement of defined benefit plans and fair value changes (b)	-	-	(33.42)	-	-	(33.42)
Total Comprehensive Income for the period (a+b)	-	-	16,315.93	-	-	16,315.93
Dividend including DDT	-	-	(14,489.24)	-	-	(14,489.24)
Transfer to/from retained earnings	3,865.00	-	(3,865.00)	-	-	-
Employee Stock Option	-	-	-	-	222.32	222.32
Balance as at March 31, 2020	**20,831.00**	**28,217.50**	**26,611.65**	**33.04**	**539.07**	**76,232.26**
Profit for the period (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 period (a+b)	-	-	19,464.18	-		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**	**41,852.84**	**33.04**	**865.68**	**96,023.05**

The accompanying notes are forming part of financial statements

As per our attached report of even date

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

per Viren H. Mehta
Partner
Membership No.: 048749

Place of Signature: Mumbai
Date: April 16, 2021

For and behalf of the board of Axis Finance Limited

Amitabh Chaudhry
Chairman
DIN No: 00531120

Bipin Kumar Saraf
Managing Director
DIN No: 06416744

Amith Iyer
Chief Financial Officer

Rajneesh Kumar
Company Secretary
Membership No: A31230

Statement of Cash Flows

for the year ended 31 March, 2021

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. Cash flow from operating activities		
Profit before tax	26,232.81	24,022.70
Adjustments for:		
Depreciation, amortisation and impairment (other than right-of-use assets)	429.98	368.74
Depreciation expense of right-of-use assets	151.27	32.45
Reversal of Provisions	-	(31.90)
Profit on sale of investment	(1,299.69)	(143.07)
Impairment on financial instruments	12,121.14	14,083.03
Employee Stock Option	326.61	222.32
Interest on Lease deposit	(4.85)	(1.02)
Amortisation of Lease rental	6.67	1.45
Provision for expenses	426.34	181.72
Provision for Employee Benefit expense	1,253.97	768.26
Interest income from investments (at amortised cost)	(2,490.05)	(1,125.89)
Operating profit before working capital changes	**37,154.19**	**38,378.79**
Movement in working capital:		
Decrease/(increase) in Bank Deposits	3.99	28.30
Decrease/(increase) in Trade Receivables	170.60	(185.93)
Decrease/(increase) in Loans	(2,66,626.95)	24,013.31
Decrease/(increase) in Other financial assets	(134.55)	(76.04)
Decrease/(increase) in Right-of-use assets	(1,478.00)	(392.73)
Decrease/(increase) in Other non-financial assets	(118.75)	(105.66)
Increase/(decrease) in Debt securities	4,08,220.21	(6,751.62)
Increase/(decrease) in Borrowings (Other than debt securities)	(1,14,961.33)	(17,809.84)
Increase/(decrease) in Subordinated Liabilities	7,073.33	14.66
Increase/(decrease) in Lease Liabilities	1,538.46	407.37
Increase/(decrease) in Other financial liabilities	4,417.93	2,757.58
Increase/(decrease) in Provisions	(842.89)	(580.03)
Increase/(decrease) in Other non-financial liabilities	487.69	(31.66)
Cash generated from operations	**74,903.94**	**39,666.50**
Income tax paid	(8,351.70)	(10,641.57)
Net cash flow from operating activities (A)	**66,552.23**	**29,024.93**
B. Cash flow from investing activities		
Interest income from investments (at amortised cost)	1,026.43	1,122.66
Purchase of Property, plant and equipment	(92.56)	(187.42)
Purchase for Intangibles	(355.50)	(368.26)
Sales of investment at Amortised Cost	3,600.00	900.00
Purchase of investment at Amortised Cost	(68,001.66)	-
Proceeds from sale of investment at FVTPL	1,28,904.18	3,39,964.07
Purchase of investment at FVTPL	(1,42,605.10)	(3,39,821.00)
Net cash flow from investing activities (B)	**(77,524.21)**	**1,610.05**

Statement of Cash Flows

for the year ended 31 March, 2021

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
C. Cash flow from financing activities		
Payment towards Lease Liability	(162.25)	(34.50)
Payment of Dividend	-	(12,018.75)
Payment of Dividend Distribution Tax	-	(2,470.49)
Net cash flow from financing activities (C)	**(162.25)**	**(14,523.74)**
Net increase/(decrease) in cash and equivalents (A+B+C)	**(11,134.23)**	**16,111.24**
Cash and cash equivalents at the beginning of the year	**16,202.03**	**90.79**
Cash and cash equivalents at the end of the year	**5,067.80**	**16,202.03**
Cash	0.03	0.07
Balance with banks	5,067.77	16,201.96
	5,067.80	**16,202.03**

Operational cash flows from interest	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest paid	21,736.51	41,459.67
Interest received	1,03,392.83	90,938.59

1. 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.

The accompanying notes are forming part of financial statements

As per our attached report of even date

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

per Viren H. Mehta
Partner
Membership No.: 048749

Place of Signature: Mumbai
Date: April 16, 2021

For and behalf of the board of Axis Finance Limited

Amitabh Chaudhry
Chairman
DIN No: 00531120

Bipin Kumar Saraf
Managing Director
DIN No: 06416744

Amith Iyer
Chief Financial Officer

Rajneesh Kumar
Company Secretary
Membership No: A31230

Notes

forming part of financial statement for the year ended March 31, 2021
(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 non-deposit accepting non-banking finance Company or NBFC-ND-SI registered with Reserve Bank of India (RBI) holding Certificate of Registration No "N-13.02001". The Company is mainly engaged in the business of financing activities. The Company's registered office is at Ground floor, Axis House, C-2 Wadia International Centre, P.B. Marg, Worli, Mumbai – 400025. Company's Debentures are listed at BSE Limited.

Financial Statements for the year ended March 31, 2021 were authorised for issue in accordance with a resolution of the directors on April 16, 2021.

2.1. Basis of preparation

(i) Compliance with Ind AS

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

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

(ii) Historical Cost Convention

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

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

2.2 Presentation of financial statements

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

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised 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

3. Significant accounting policies

3.1 Recognition of interest income

3.1.1 The effective interest rate method

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

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

3.1.2 Interest Income

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

When a financial asset becomes credit-impaired (as set out in Note 3.2.6) and is, therefore, regarded as 'Stage 3', where the ultimate collection of revenue lacks reasonable certainty, revenue recognition is postponed. If the financial assets cures (as outlined in Note 3.2.6) and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

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

3.2 Financial instruments

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

3.2.1Date of recognition

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

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forming part of financial statement for the year ended 31 March, 2021
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

3.2.2 Initial recognition, classification and subsequent measurement of financial assets

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

- Amortised 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 amortised 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 amortised 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 amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

3.2.3 Initial measurement, classification and subsequent measurement of Financial Liabilities

Classification of Financial Liabilities

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

Initial and Subsequent measurement of Financial Liability

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

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 amortised cost.

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forming part of financial statement for the year ended 31 March, 2021

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

3.2.4 De-recognition of Financial Assets and Liabilities

a) *De-recognition of Financial Assets*

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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

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 derecognised 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 recognised to the extent of continuing involvement in the financial asset.

b) *De-recognition of Financial Liabilities*

A financial liability is derecognised 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 recognised in the statement of profit or loss..

3.2.5 Reclassification of Financial Assets and Financial Liabilities

The company is required to reclassify financial assets when and only when it changes its business model for managing financial assets.

Reclassifications are expected to be very infrequent. Such changes must be determined by the company's senior management as a result of external or internal changes and must be significant to the company's operations and demonstrable to external parties.

Further re- classification is not allowed in following cases;

- Investments in equity instruments irrevocably designated as at FVOCI cannot be reclassified.
- Reclassification of financial liabilities

3.2.6 Impairment of Financial Assets

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

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

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

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

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

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

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

Calculation of Expected Credit Losses (ECL)

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

Key elements considered for ECL calculation are as under:

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

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

Loss Given Default (LGD): LGD is an estimate of the loss arising in case where a default occurs. It is based on the difference between

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the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any security.

ECL is calculated as under:

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

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

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

ECL based on simplified approach:

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

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

3.3 Fair Value Measurement

The Company measures financial instruments such as investment in mutual funds at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value 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 maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

3.4 Recognition of Revenue

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

The Company recognises 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.

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.

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forming part of financial statement for the year ended 31 March, 2021

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

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: Recognise revenue when (or as) the Company satisfies a performance obligation

3.4.1 Dividend income

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

3.4.2 Trading income

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

3.5 Cash and cash equivalents

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

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

3.6 Property, plant and equipment ('PPE')

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

Subsequent costs are included in the assets carrying amount or recognised 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 derecognised when replaced. All other repair and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

The Company is using cost model, depreciation is calculated on straight line method using the rates arrived based on useful lives as estimated by management. Depreciation on assets purchased during the year is provided on pro rata basis from the date asset is available for use as intended by management. Item of PPE is derecognised 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)
Tangible Assets:	
Computers	3
Servers	3
Furniture & Fixtures	10
Office Equipment	5
Vehicles	4
Land and Building	60
Intangible Assets:	
Software	5

The management has estimated, supported by independent assessment by professionals, the useful life of the following class of asset.

Vehicles are depreciated over the estimated useful life of 4 years which is lower than those indicated in schedule II.

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

3.7 Intangible Assets

IIntangible 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 amortisation and accumulated impairment losses.

Company using cost model, amortisation is calculated on straight line basis using the rates arrived based on useful lives as estimated by management. Amortisation 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 amortisation are reviewed annually and adjusted prospectively.

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

3.8 Impairment of Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

A previously recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised 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.

3.9 Provisions and Contingent liabilities

PProvisions are recognised 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 recognised 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 recognised 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 recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statement.

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. These are reviewed at each year end and reflect the best current estimate. (Refer Note 31, 32 & 37)

3.10 Borrowing costs

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

3.11 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 recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or equity). Current tax items are recognised 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 recognised 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 recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised, 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 recognised only to the extent

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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 utilised.

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 utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised 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 recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

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

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

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

3.12 Employee Benefits

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

Compensated Absences

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

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

Gratuity

Company provides for the gratuity, a defined benefit retirement plan covering all employees. Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.

Company recognises the service cost (past and current), gain and losses on curtailment, non-routine settlement, net interest income or expense to Profit and Loss.

Re-measurement comprising of actuarial gain and losses on obligations/plan assets due to change in demographic, financial assumptions and experience are recognised immediately in the balance sheet with corresponding debit or credit to retained earnings in the period in which they occur through OCI under items that will not be reclassified to profit or loss. (Refer Note 35)

3.13 Lease Accounting:-

The Company follows Ind AS 116 for setting out principles of the recognition, measurement, presentation and disclosure of leases.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets.

The Company as a lessee at the commencement date of a lease, recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right-of-use the underlying asset during the lease term (i.e., the right-of-use asset). The Company separately recognises the interest expense on the lease liability and the depreciation expense on the right-of-use asset. (Refer Note 38)

3.14 Earnings Per Share

Basic Earnings per share (EPS) is calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of equity shares outstanding during

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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 the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares (Refer Note 33).

3.15 Events after the reporting period

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

Adjusting Events

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

Non-adjusting Events

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

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

3.16 Related Party Disclosure

A related party is any party of entity that controls or can significantly influence the management or operating policies of the Company during the reporting period.

The Company has disclosed names of related parties with relationship and transaction between Company and its related parties in the Notes to financial statements (Refer Note 34).

3.17 Share based payments

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

3.18 Business Combination

Business combination is a transaction or event in which an entity obtain control of one or more business.

For business combinations between entities that are under common control, there is specific guidance included in Ind AS 103. Such business combinations are accounted by using the pooling of interests method.

Under the pooling of interests method:

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

3.19 Significant accounting judgments, estimates and assumptions

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

Judgments

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

a) ***Business model assessment***

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

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

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

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

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

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

d) *Impairment of financial asset*

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

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

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

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

e) *Provisions and other contingent liabilities*

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

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

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

3.20 Assessment of COVID-19 Impact

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

Estimates and associated assumptions applied in preparing these financial results, especially for determining the impairment allowance for the Company's financial assets (Loans and Investments), are based on historical experience and other emerging/forward looking factors on account of the pandemic. The Company believes that the factors considered are reasonable under the current circumstances. The Company has used estimation of potential stress on probability of default and exposure at default due to COVID-19 situation in developing the estimates and assumptions to assess the impairment loss allowance on financial assets. 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 allowances as at March 31, 2021, against potential impact of COVID-19 based on the information available at this point in time.

The Company has not approached any of its lender banks for extending moratorium on payment of installments and/or interest. Based on the internal assessment undertaken, the Company believes it has sufficient liquidity to honour its liabilities due over the next 12 months. The Company is also in compliance with the covenants stipulated by its lenders.

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4 Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	0.03	0.07
Balances with banks		
(a) In current accounts	4,757.61	479.75
(b) In overdraft account	310.16	15,722.21
Total	**5,067.80**	**16,202.03**

5 Trade Receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Receivables considered good – Unsecured		
- Related parties	227.55	486.81
- Others	297.38	208.72
Less: Provision for impairment loss	5.27	12.12
Total	**519.66**	**683.41**

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

6 Loans at amortised cost

Particulars	As at March 31, 2021	As at March 31, 2020
Secured loans	8,99,230.16	7,09,096.46
Unsecured loans	1,33,624.07	65,888.80
Less: Impairment provision for financial instruments at amortised cost	23,634.72	20,440.93
Total	**10,09,219.51**	**7,54,544.33**

Note:
1) Loans to the extent of ₹ in Lakhs 8,99,230.16 (March 31, 2020: 7,09,096.46) 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.
2) Refer Note 28 for Reconciliation of Expected Credit Loss balance.

Loans at Amortised Cost (In India)

Particulars	As at March 31, 2021	As at March 31, 2020
A) Term Loans other than Public sector	10,32,854.23	7,74,985.26
Gross	**10,32,854.23**	**7,74,985.26**
Less: Impairment loss allowance	23,634.72	20,440.93
Net	**10,09,219.51**	**7,54,544.33**
B) (i) Secured by tangible assets	8,99,230.16	7,09,096.46
(ii) Unsecured	1,33,624.07	65,888.80
Gross	**10,32,854.23**	**7,74,985.26**
Less: Impairment loss allowance	23,634.72	20,440.93
Net	**10,09,219.51**	**7,54,544.33**

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7 Investments

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			
LCR Investment	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
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**

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

Particulars	As at March 31, 2020		
	Amortised Cost 1	At Fair value through profit and loss account 2	Total (3=1+2)
Debt securities (In India)			
Investment in NCD & Bonds			
Quoted			
Gateway Distriparks Limited	9,082.60	-	9,082.60
Total – Gross (A)	**9,082.60**	**-**	**9,082.60**
Less: Allowance for impairment loss (B)	54.67	-	54.67
Total – Net (A-B)	**9,027.93**	**-**	**9,027.93**

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

8 Property, Plant and Equipment

Particulars	Computers	Office equipment	Furniture & fixtures	Vehicles	Land and Building	Total
Cost:						
As at 31 March 2019	**168.09**	**4.44**	**3.36**	**42.51**	**4.50**	**222.90**
Add:- Transfer on Merger	1.80	-	0.35	-	-	2.15
Additions	174.72	5.99	6.72	-	-	187.43
Disposals	-	-	-	-	-	-
As at 31 March 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**

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Particulars	Computers	Office equipment	Furniture & fixtures	Vehicles	Land and Building	Total
Depreciation and impairment:						
As at 31 March 2019	**84.22**	**3.38**	**0.60**	**18.41**	**0.34**	**106.95**
Add:- Transfer on Merger	1.80	-	0.25	-	-	2.05
Disposals	-	-	-	-	-	-
Depreciation charge for the year	71.57	0.81	0.78	10.63	0.08	83.87
As at 31 March 2020	**157.59**	**4.19**	**1.63**	**29.04**	**0.42**	**192.87**
Disposals	-	-	-	-	-	-
Depreciation charge for the year	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**
Net book value:						
As at 31 March 2020	**187.02**	**6.24**	**8.80**	**13.47**	**4.08**	**219.61**
As at 31 March 2021	**134.05**	**20.25**	**14.01**	**25.77**	**4.00**	**198.08**

9 Other Intangible Assets

Particulars	Software	Total
Cost:		
As at 31 March 2019	437.31	437.31
Additions	**1,098.92**	**1,098.92**
Disposals	-	-
As at 31 March 2020	**1,536.23**	**1,536.23**
Additions	157.15	157.15
Disposals	-	-
As at 31 March 2021	**1,693.38**	**1,693.38**
Accumulative amortisation and impairment:		
As at 31 March 2019	164.22	164.22
Disposals	-	-
Amortisation charge for the year	251.13	251.13
As at 31 March 2020	415.35	415.35
Disposals	-	-
Amortisation charge for the year	315.86	315.86
As at 31 March 2021	**731.21**	**731.21**
Net book value Softwares:		
As at 31 March 2020	1,120.88	1,120.88
As at 31 March 2021	962.17	962.17
Capital Work in Progress - Softwares		
As at 31 March 2020	287.48	287.48
As at 31 March 2021	485.83	485.83
Other Intangible assets		
As at 31 March 2020	**1,408.36**	**1,408.36**
As at 31 March 2021	**1,448.00**	**1,448.00**

10 Other financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits	109.08	36.93
Advance Rental	70.83	16.44
Other Asset	39.53	33.35
Total	**219.44**	**86.72**

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11 Other non-financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	142.41	136.18
Balances with government authorities		
- Advance indirect taxes	214.30	101.78
Total	**356.71**	**237.96**

12 Debt Securities

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortised Cost (In India)		
Secured		
Non Covertible Debentures	4,83,160.85	1,93,491.57
Interest accrued but not due	50,768.48	23,991.38
Unsecured		
Commercial paper	2,57,500.00	1,66,200.00
Less: Unexpired Discount	(2,531.32)	(3,005.15)
Total	**7,88,898.01**	**3,80,677.80**

Security details for Secured non convertible debentures

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

Unsecured commercial paper carry interest @ 3.70% to 4.54%. In respect of commercial paper, maximum amount outstanding during the period was ₹ in Lakhs 2,89,625.04 (March 31, 2020: 2,72,979.74).

Particulars of Secured non convertible debentures

Particulars	Face Value	Qty	Maturity date	As at March 31, 2021	As at March 31, 2020
Zero% AFL, 26 May 2020	1,000,000	-	26 May 2020	-	1,249.98
8.85% AFL, 28 December 2020	1,000,000	-	28 December 2020	-	9,999.57
7.942% AFL, 07 April 2021	1,000,000	100	07 April 2021	1,000.00	999.90
Zero% AFL, 07 April 2021	1,000,000	1,400	07 April 2021	14,000.00	13,999.81
Zero% AFL, 07 April 2021	1,000,000	200	07 April 2021	2,008.59	2,007.15
Zero% AFL, 12 April 2021	1,000,000	410	12 April 2021	4,099.99	4,099.64
Zero% AFL, 12 April 2021	1,000,000	250	12 April 2021	2,508.78	2,508.56
Zero% AFL, 12 April 2021	1,000,000	500	12 April 2021	5,054.25	5,053.82
Zero% AFL, 16 April 2021	1,000,000	500	16 April 2021	4,999.98	4,999.55
Zero% AFL, 27 April 2021	1,000,000	750	27 April 2021	7,499.95	7,499.33
Zero% AFL, 27 April 2021	1,000,000	250	27 April 2021	2,505.48	2,505.27
Zero% AFL, 27 April 2021	1,000,000	800	27 April 2021	8,086.65	8,085.96
Zero% AFL, 10 May 2021	1,000,000	500	10 May 2021	4,999.93	4,999.34
Zero% AFL, 10 May 2021	1,000,000	700	10 May 2021	7,080.46	7,079.96
Zero% AFL, 27 May 2021	1,000,000	500	27 May 2021	4,999.93	4,999.52
Zero% AFL, 27 May 2021	1,000,000	750	27 May 2021	7,553.45	7,552.77
Zero% AFL, 14 June 2021	1,000,000	500	14 June 2021	5,008.85	5,008.40
Zero% AFL, 14 June 2021	1,000,000	1,273	14 June 2021	12,812.23	12,811.17
Zero% AFL, 06 July 2021	1,000,000	715	06 July 2021	7,149.81	7,149.18
Zero% AFL, 13 July 2021	1,000,000	260	13 July 2021	2,599.92	2,599.69
Zero% AFL, 13 July 2021	1,000,000	50	13 July 2021	508.21	508.16
Zero% AFL, 31 August 2021	1,000,000	1,400	31 August 2021	13,999.45	13,998.28
Zero% AFL, 19 April 2022	1,000,000	250	19 April 2022	2,499.78	2,499.61
Zero% AFL, 19 April 2022	1,000,000	500	19 April 2022	5,131.55	5,131.20

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Particulars of Secured non convertible debentures

Particulars	Face Value	Qty	Maturity date	As at March 31, 2021	As at March 31, 2020
Zero% AFL, 19 April 2022	1,000,000	590	19 April 2022	6,299.16	6,298.79
Zero% AFL, 25 May 2022	1,000,000	260	25 May 2022	2,599.76	2,599.59
8.70% AFL, 02 June 2022	1,000,000	680	02 June 2022	6,799.32	6,798.84
8.40%AFL, 27 June 2023	1,000,000	400	27 June 2023	3,998.72	3,998.23
Zero% AFL, 03 August 2022	1,000,000	450	03 August 2022	4,499.47	4,499.14
Zero% AFL, 03 August 2022	1,000,000	410	03 August 2022	4,159.39	4,159.12
8.30% AFL, 06 August 2024	1,000,000	50	06 August 2024	500.00	500.00
Zero% AFL, 03 November 2022	1,000,000	670	03 November 2022	6,699.05	6,698.56
7.35% AFL, 30 June 2022	1,000,000	260	30 June 2022	2,599.76	2,597.38
Zero% AFL, 10 March 2023	1,000,000	1,800	10 March 2023	17,997.23	17,996.10
7.45% AFL, 26 May 2023	1,000,000	7,750	26 May 2023	77,475.14	-
7.25% AFL, 15 June 2023	1,000,000	3,300	15 June 2023	32,993.90	-
7.00% AFL, 22 May 2023	1,000,000	2,000	22 May 2023	19,991.07	-
6.15% AFL, 17 July 2023	1,000,000	2,000	17 July 2023	19,995.78	-
6.50% AFL, 16 September 2024	1,000,000	3,000	16 September 2024	29,991.73	-
4.95% AFL, 03 November 2022	1,000,000	900	03 November 2022	8,997.87	-
Zero % AFL, 14 December 2023	1,000,000	600	14 December 2023	5,998.27	-
5% AFL, 21 December 2022	1,000,000	4,000	21 December 2022	39,990.95	-
5.35% AFL, 15 September 2022	1,000,000	1,500	15 September 2022	14,996.10	-
5.80% AFL, 17 March 2023	1,000,000	1,050	17 March 2023	10,497.13	-
5.80% AFL, 24 March 2023	1,000,000	4,000	24 March 2023	39,973.81	-
Total		**48,228**		**483,160.85**	**193,491.57**

Particulars of Commercial Paper

Maturity date	Face Value	Qty	As at March 31, 2021
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		**51,500**	**257,500.00**

Notes

forming part of financial statement for the year ended 31 March, 2021
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars of Commercial Paper

Maturity date	Face Value	Qty	As at March 31, 2020
03 April 2020	5,00,000	3,000	15,000.00
09 April 2020	5,00,000	1,000	5,000.00
12 May 2020	5,00,000	4,000	20,000.00
15 May 2020	5,00,000	4,000	20,000.00
26 May 2020	5,00,000	3,000	15,000.00
12 June 2020	5,00,000	4,000	20,000.00
15 July 2020	5,00,000	740	3,700.00
17 July 2020	5,00,000	2,000	10,000.00
23 July 2020	5,00,000	3,000	15,000.00
06 August 2020	5,00,000	1,000	5,000.00
16 October 2020	5,00,000	2,000	10,000.00
10 December 2020	5,00,000	1,500	7,500.00
25 January 2021	5,00,000	2,000	10,000.00
05 March 2021	5,00,000	2,000	10,000.00
Total		**33,240**	**166,200.00**

13 Borrowings (Other than debt securities)

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortised Cost (In India)		
Secured		
Overdraft from banks repayable on demand	-	53,709.39
Indian rupee term loan from bank : Secured	1,14,480.73	1,75,732.67
Total	**1,14,480.73**	**2,29,442.06**

Secured

1. Overdraft amounting to ₹ in Lakhs NIL (31 March 2020: 53,709.39) as referred above are secured by pari passu first charge on all present and future book debts, receivables, loan assets of the Company.

2. Term Loan amounting to ₹ in Lakhs 1,14,480.73, (31 March 2020: 1,75,732.67) 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% to 7.40%.

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

Quarterly expected repayments	₹ in Lakhs
30-06-2021	8,163.29
30-09-2021	24,594.75
31-12-2021	6,559.03
31-03-2022	5,138.36
30-09-2022	13,465.29
31-03-2023	11,965.29
30-09-2023	11,965.29
31-03-2024	11,965.29
30-09-2024	8,927.57
31-03-2025	5,175.57
30-09-2025	3,436.00
31-03-2026	3,125.00
	114,480.73

Notes

forming part of financial statement for the year ended 31 March, 2021

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

14 Subordinated Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortised Cost (In India)		
Unsecured		
Subordinated debt (Non-convertible debentures)	56,864.38	49,863.26
Interest accrued but not due	3,125.66	3,053.46
Total	**59,990.04**	**52,916.72**

Particulars of Unsecured non convertible debentures

Particulars	Face Value	Qty	Maturity date	As at March 31, 2021	As at March 31, 2020
8.80% AFL, 05th Aug 2026	1,000,000	2000	Aug 05, 2026	19,937.97	19,929.22
8.50% AFL, 11th May 2027	1,000,000	2000	May 11, 2027	19,960.30	19,955.50
8.08% AFL, 14th Sep 2027	1,000,000	1000	Sep 14, 2027	9,980.74	9,978.54
7.45% AFL, 14th Feb 2031	1,000,000	700	Feb 14, 2031	6,985.37	-
Total				**56,864.38**	**49,863.26**

15 Other financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Advances from customers & Due to others	2,640.21	3,448.93
Creditors for expense		
-Due to holding Company 'Axis Bank Limited'	40.23	84.75
-Due to others	-	2.57
Other finacial liabilities	5,273.74	-
Total	**7,954.18**	**3,536.25**

16 Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for expenses	738.98	314.45
Provision for employee benefits		
-Provision for compensated absences	-	75.07
-Provision for gratuity	49.60	64.53
-Employee benefit payable	1,250.00	750.00
Total	**2,038.58**	**1,204.05**

17 Other non-financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Processing fees received for undrawn loans	1,300.99	1,058.12
Undisputed statutory dues	545.32	300.49
Total	**1,846.31**	**1,358.61**

Notes

forming part of financial statement for the year ended 31 March, 2021
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

18 Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised Capital		
1,00,00,00,000 (31 March 2020: 1,00,00,00,000) equity shares of ₹ 10/- each	100,000.00	100,000.00
	100,000.00	**100,000.00**
Issued, subscribed and fully paid-up:		
48,22,50,000 (31 March 2020: 48,22,50,000) equity shares of ₹ 10/- each	48,225.00	48,225.00
	48,225.00	**48,225.00**

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

Particulars	As at March 31, 2021	As at March 31, 2020
	Nos	Nos
Balance at the beginning of the year	4,822.50	4,822.50
Issued during the year	-	-
Reductions during the year	-	-
Balance at the end of the year	**4,822.50**	**4,822.50**

(b) Terms, rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

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

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

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

Name of shareholder	As at March 31, 2021	As at March 31, 2020
Axis Bank Limited, the holding Company and its Nominees		
48,22,50,000 (31 March 2020: 48,22,50,000) equity shares of ₹ 10/- each	48,225.00	48,225.00

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

Name of shareholder	As at March 31, 2021	As at March 31, 2020
	% of Holding	% of Holding
Equity shares of ₹ 10 each fully paid		
Axis Bank Limited, the holding Company and its nominees	100%	100%

Notes

forming part of financial statement for the year ended 31 March, 2021
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

19 Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
Securities Premium		
Balance at the beginning of the year	28,217.50	28,217.50
Add:- Addition during the year	-	-
Less:- Utilisation during the year against share issue expense	-	-
Balance at the end of the year	**28,217.50**	**28,217.50**
Statutory Reserve u/s 45-IC of RBI Act		
Balance at the beginning of the year	20,831.00	16,966.00
Add:- Addition during the year	4,223.00	3,865.00
Balance at the end of the year	**25,054.00**	**20,831.00**
Deemed Capital Contribution		
Balance at the beginning of the year	539.07	316.75
Add:- Addition during the year	326.61	222.32
Balance at the end of the year	**865.68**	**539.07**
Retained Earnings		
Balance at the beginning of the year	26,611.65	28,464.02
Add:- Transfer on Merger	-	185.93
Total Comprehensive income for the year	19,464.18	16,315.94
Less:- Final Dividend	-	(12,018.75)
Less:- Dividend distribution tax on final dividend	-	(2,470.49)
Less:- Transfer to statutory reserve	(4,223.00)	(3,865.00)
Balance at the end of the year	**41,852.83**	**26,611.65**
General Reserves		
Balance at the beginning of the year	33.04	-
Add:- Transfer on Merger	-	33.04
Add:- Addition during the year	-	-
Balance at the end of the year	**33.04**	**33.04**
Total	**96,023.05**	**76,232.26**

Security Premium

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

Statutory Reserve u/s 45-IC of RBI Act

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

Deemed Capital Contribution

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

Retained Earnings

Retained earnings includes undistributed profit after Tax

Notes

forming part of financial statement for the year ended 31 March, 2021

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

20 Interest Income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	On Financial Assets measured at Amortised Cost	
Interest on Loans (at amortised cost)	98,981.72	98,275.21
Interest income from investments (at amortised cost)	2,490.05	1,125.89
Total	**1,01,471.77**	**99,401.10**

21 Others

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Cheque / NACH Bouncing Charges	17.52	2.85
Pre/Part payment Charges	7.57	5.47
Foreclosure Charges	57.65	0.52
Interest on Deposit	17.38	14.60
Interest on Lease Deposit	4.85	1.02
Commission Income	33.67	449.57
Others	6.37	0.19
Total	**145.01**	**474.22**

22 Other Income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Reversal of Provisions	-	31.90
Total	**-**	**31.90**

23 Finance Costs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	On Financial liabilities measured at Amortised Cost	
Interest on borrowings	6,570.18	18,500.91
Interest on debt securities	37,708.17	28,966.52
Interest on subordinated liabilities	4,326.50	4,277.15
Other Finance expense	372.00	289.07
Total	**48,976.85**	**52,033.65**

24 Impairment on financial instruments

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
	On Financial instruments measured at Amortised Cost	
Loans	11,951.75	14,022.25
Investments	176.24	52.72
Trade Receivables	(6.85)	8.06
Total	**12,121.14**	**14,083.03**

Notes

forming part of financial statement for the year ended 31 March, 2021

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

25 Employee Benefits Expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages	8,205.60	4,988.30
Employee Stock Option (Refer Note 3.17)	326.61	222.32
Contribution to provident and other funds	310.27	209.46
Gratuity expenses	45.40	26.27
Staff welfare expenses	2.62	84.35
Total	**8,890.50**	**5,530.70**

26 Depreciation, amortisation and impairment

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Property, plant and equipment	114.03	83.90
Other Intangible assets - (Software)	315.86	251.12
Impairment of Intangible asset (Software)	0.09	33.72
Depreciation expense of right-of-use assets	151.27	32.45
Total	**581.25**	**401.19**

27 Other expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent, Rates and Taxes	279.44	282.05
Electricity expenses	58.72	22.62
Repairs and maintenance - others	245.72	62.18
Printing and stationery	19.60	23.06
Travelling and conveyance	148.33	149.08
Professional fees	1,320.67	1,247.82
CSR expenditure (Refer Note 70)	590.91	599.49
Director sitting fees	48.00	28.00
Auditor Remuneration (Refer Note 71)	55.50	43.50
Telephone and internet expenses	54.91	27.00
Business promotion	44.41	484.40
Rates & taxes	9.70	11.41
Royalty charges	154.17	150.53
Service charges	118.44	82.59
Office expenses	141.45	83.12
GST Expense out (50% of input credit)	449.76	252.24
Subscription Exps	139.09	94.15
DSA Commission	1,884.28	-
Collection agency payout	197.71	-
Waiver Write off charges	1.83	-
Miscellaneous expenses	151.28	335.78
Total	**6,113.92**	**3,979.02**

Notes

forming part of financial statement for the year ended 31 March, 2021
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

A) Loans and Advances

(i) Loans and advances (at amortised cost)

Particulars	As at March 31, 2021	As at March 31, 2020
Total - Gross	10,32,854.23	7,74,985.26
Less: Impairment loss allowance	23,634.72	20,440.93
Total - Net	**10,09,219.51**	**7,54,544.33**
a) Secured by tangible assets	8,99,230.16	7,09,096.46
b) Unsecured	1,33,624.07	65,888.80
Total - Gross	**10,32,854.23**	**7,74,985.26**
Less: Impairment loss allowance	23,634.72	20,440.93
Total - Net	**10,09,219.51**	**7,54,544.33**

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

Particulars	For the year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	9,68,516.40	-	-	9,68,516.40
Past due but not impaired	-	20,293.86	-	20,293.86
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**

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

(iii) Changes in Gross carrying amount

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**

Notes

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

Particulars	For the year ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	7,88,875.48	7,073.81	3,049.29	7,98,998.57
New assets originated (refer note 1 below)	3,29,818.20	852.47	1,302.61	3,31,973.28
Assets repaid (excluding write offs)	(3,47,376.09)	(4,500.81)	(4,109.70)	(3,55,986.60)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(5,535.83)	5,535.83	-	-
Transfers to Stage 3	(34,950.66)	-	34,950.66	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
Gross carrying amount closing balance	**7,30,831.10**	**8,961.30**	**35,192.85**	**7,74,985.25**

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

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

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**

Particulars	For the year ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	4,738.83	155.22	1,524.64	6,418.69
New assets originated or purchased	2,433.64	14.90	115.58	2,564.12
Assets derecognised or repaid (excluding write offs)	1,878.33	924.83	(6,632.61)	(3,829.45)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(54.15)	54.15	-	-
Transfers to Stage 3	(317.74)	-	317.74	-
Impact on year end ECL of exposures transferred between stages during the year	-	4.05	15,283.52	15,287.57
ECL allowance - closing balance	**8,678.91**	**1,153.15**	**10,608.87**	**20,440.93**

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

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

Particulars	For the year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	1,33,002.40	-	-	1,33,002.40
Past due but not impaired	-	78.56	-	78.56
Non Performing				
Indivdually Impaired	-	-	-	-
Total	**1,33,002.40**	**78.56**	**-**	**1,33,080.96**

Notes

forming part of financial statement for the year ended 31 March, 2021
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

(vi) Undrawn commitment - Gross carrying amount

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**

Particulars	For the year ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,03,210.77	55.73	-	1,03,266.50
New assets originated	54,627.55	-	-	54,627.55
Assets derecognised or repaid (excluding write offs)	(51,931.34)	(156.94)	(1,002.48)	(53,090.75)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	(345.68)	345.68	-	-
Transfers to Stage 3	(1,002.48)	-	1,002.48	-
Amounts written off	-	-	-	-
Gross carrying amount closing balance	**1,04,558.83**	**244.47**	**-**	**1,04,803.30**

B Investments

(i) Investments (at amortised cost)

Particulars	Amortised Cost	Fair Value Through Profit & Loss	Total
As at March 31, 2021			
Mutual Fund Investments	-	15,000.61	15,000.61
Debt Securities	74,947.88	-	74,947.88
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**
Investments			
As at March 31, 2020			
Debt Securities	9,082.60	-	9,082.60
Total Gross	9,082.60	-	9,082.60
Less: Impairment loss allowance	54.67	-	54.67
Total	**9,027.93**	**-**	**9,027.93**

Notes

forming part of financial statement for the year ended 31 March, 2021
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

Particulars	For the year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	74,716.96	-	-	74,716.96
Past due but not impaired	-	-	-	-
Non Performing				-
Indivdually Impaired	-	-	-	-
Total	**74,716.96**	**-**	**-**	**74,716.96**

Particulars	For the year ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	9,027.93	-	-	9,027.93
Past due but not impaired	-	-	-	-
Non Performing				
Indivdually Impaired	-	-	-	-
Total	**9,027.93**	**-**	**-**	**9,027.93**

(iii) Changes in Gross carrying amount

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**

Particulars	For the year ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	9,979.38	-	-	9,979.38
New assets originated	-	-	-	-
Assets repaid (excluding write offs)	(896.78)	-	-	(896.78)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Amounts written off	-	-	-	-
Gross carrying amount closing balance	**9,082.60**	**-**	**-**	**9,082.60**

Notes

forming part of financial statement for the year ended 31 March, 2021
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

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	-	-	-	-
Total	**230.92**	**-**	**-**	**230.92**

Particulars	For the year ended March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	1.95	-	-	1.95
New assets originated	-	-	-	-
Effect of change in estimate/ repayment	(0.17)	-	-	(0.17)
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	52.89	-	-	52.89
Amounts written off	-	-	-	-
Total	**54.67**	**-**	**-**	**54.67**

C) Trade Receivables

(i) Trade Receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured considered good	524.93	694.91
Less : Provision for impairment	5.27	12.12
Total - Net	**519.66**	**682.79**

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

Particulars	For the year ended March 31, 2021				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
Performing					
Standard	282.64	-	-	227.55	510.19
Past due but not impaired	-	9.47	-	-	9.47
Non Performing	-	-	-		-
Indivdually Impaired	-	-	-	-	-
Total	**282.64**	**9.47**	**-**	**227.55**	**519.66**

Notes

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

(iii) Changes in Gross carrying amount

Particulars	For the year ended 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**

Particulars	For the year ended March 31, 2020				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
Gross carrying amount opening balance	283.26	-	-	226.34	509.61
New assets originated (refer note 1 below)	135.45	55.94	16.71	-	208.09
Assets repaid (excluding write offs)	(283.26)	-	-	(226.34)	(509.61)
Transfers to Stage 1	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-
Amounts written off	-	-	-	-	-
New asset as per Simplified approach	-	-	-	486.81	486.81
Gross carrying amount closing balance	**135.45**	**55.94**	**16.71**	**486.81**	**694.91**

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

(iv) Reconciliation of Expected Credit Loss balance

Particulars	For the year ended 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 (refer note 1 below)	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**

Notes

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

Particulars	For the year ended March 31, 2020				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
ECL allowance - opening balance	4.05	-	-	-	4.05
New assets originated (refer note 1 below)	1.17	0.09	10.86	-	12.12
Effect of change in estimate/ repayment	(4.05)	-	-	-	(4.05)
Transfers to Stage 1	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-	-
Amounts written off	-	-	-	-	-
ECL allowance - closing balance	**1.17**	**0.09**	**10.86**	**-**	**12.12**

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.

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, 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	57,292.09	-	(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**	**57,626.20**	**-**	**(28,229.96)**	**30,854.95**	**663.75**	**11,109.44**

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

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forming part of financial statement for the year ended 31 March, 2021

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

29. Financial instruments – Fair values

Accounting classification and fair values

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

Particulars	As at March 31, 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							
Trade Receivables	-	519.66	519.66	-	-	-	-
Loans	-	10,09,219.51	10,09,219.51	-	-	-	-
Investments	15,000.61	74,716.96	89,717.57	-	-	-	-
Other financial assets	-	219.44	219.44	-	-	-	-
Total	**15,000.61**	**10,84,675.57**	**10,99,676.18**	**-**	**-**	**-**	**-**
Financial liabilities							
Debt securities	-	7,88,898.01	7,88,898.01	-	-	-	-
Borrowings (Other than debt securities)	-	1,14,480.73	1,14,480.73	-	-	-	-
Subordinated Liabilities	-	59,990.04	59,990.04	-	-	-	-
Lease Liabilities	-	1,749.08	1,749.08	-	-	-	-
Other financial liabilities	-	7,954.18	7,954.18	-	-	-	-
Total	**-**	**9,73,072.04**	**9,73,072.04**	**-**	**-**	**-**	**-**

Particulars	As at March 31, 2020						
	Carrying amount			Fair Value			
	Fair value through profit and loss	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 -Significant unobservable inputs	Total
Financial assets							
Trade Receivables	-	683.41	683.41	-	-	-	-
Loans	-	7,54,544.33	7,54,544.33	-	-	-	-
Investments	-	9,027.93	9,027.93	-	-	-	-
Other financial assets	-	86.72	86.72	-	-	-	-
Total	**-**	**7,64,342.39**	**7,64,342.39**	**-**	**-**	**-**	**-**

Notes

forming part of financial statement for the year ended 31 March, 2021
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

Particulars	As at March 31, 2020						
	Carrying amount			Fair Value			
	Fair value through profit and loss	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 -Significant unobservable inputs	Total
Financial liabilities							
Debt securities	-	3,80,677.80	3,80,677.80	-	-	-	-
Borrowings (Other than debt securities)	-	2,29,442.06	2,29,442.06				
Subordinated Liabilities	-	52,916.72	52,916.72	-	-	-	-
Lease Liabilities	-	372.87	372.87	-	-	-	-
Other financial liabilities	-	3,536.24	3,536.24	-	-	-	-
Total	**-**	**6,66,945.69**	**6,66,945.69**	**-**	**-**	**-**	**-**

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

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

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

30 Maturity analysis of assets and liabilities

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial Assets						
Cash and cash equivalents	5,067.80	-	5,067.80	16,202.03	-	16,202.03
Bank Deposits other than Cash and cash equivalents	-	174.53	174.53	-	178.51	178.51
Trade Receivables	519.66	-	519.66	683.42	-	683.42
Loans	2,20,540.27	7,88,679.24	10,09,219.51	4,12,018.32	3,42,526.01	7,54,544.33
Investments	76,107.07	13,610.50	89,717.57	2.83	9,025.10	9,027.93
Other financial assets	39.53	179.91	219.44	36.24	50.48	86.72
Sub-total-Financial assets	**3,02,274.33**	**8,02,644.18**	**11,04,918.51**	**4,28,942.84**	**3,51,780.10**	**7,80,722.94**
Non-Financial Assets						
Current Tax Assets (net)	-	5,022.08	5,022.08	-	4,396.54	4,396.54
Deferred Tax Assets (net)	-	7,574.59	7,574.59	-	6,619.93	6,619.93
Property, plant and equipment	-	198.08	198.08	-	219.61	219.61
Other Intangible Assets	-	1,448.00	1,448.00	-	1,408.36	1,408.36
Right-of-use assets	-	1,687.01	1,687.01	-	360.28	360.28
Other non-financial assets	320.37	36.34	356.71	185.44	52.52	237.96
Sub-total-Non-financial assets	**320.37**	**15,966.10**	**16,286.47**	**185.44**	**13,057.24**	**13,242.68**
Total - Assets	**3,02,594.70**	**8,18,610.28**	**11,21,204.98**	**4,29,128.28**	**3,64,837.34**	**7,93,965.62**

Notes

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Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
LIABILITIES AND EQUITY						
LIABILITIES						
Financial Liabilities						
Debt securities	4,17,857.19	3,71,040.82	7,88,898.01	1,75,292.96	2,05,384.84	3,80,677.80
Borrowings (Other than debt securities)	44,451.22	70,029.51	1,14,480.73	2,05,046.58	24,395.48	2,29,442.06
Subordinated Liabilities	-	59,990.04	59,990.04	3,053.46	49,863.26	52,916.72
Lease Liabilities	173.29	1,575.79	1,749.08	44.03	328.84	372.87
Other financial liabilities	7,954.18	-	7,954.18	3,536.24	-	3,536.24
Sub-total-Financial liabilities	**4,70,435.88**	**5,02,636.16**	**9,73,072.04**	**3,86,973.27**	**2,79,972.42**	**6,66,945.69**
Non-Financial liabilities						
Provisions	2,038.58	-	2,038.58	1,204.05	-	1,204.05
Other non-financial liabilities	1,300.99	545.32	1,846.31	1,021.93	336.68	1,358.61
Sub-total-Non-financial liabilities	**3,339.57**	**545.32**	**3,884.89**	**2,225.98**	**336.68**	**2,562.66**
Total Liablities	**4,73,775.45**	**5,03,181.48**	**9,76,956.93**	**3,89,199.25**	**2,80,309.10**	**6,69,508.35**

31 Estimated amount of contracts remaining to be executed on capital account ₹ in Lakhs 506.48 (Previous Year ₹ 582.07).

32 There is a contingent liability ₹ Lakhs 70.87 as at March 31, 2021 (Previous year ₹ Nil).

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

Particulars		2020 – 2021	2019-20
Basic			
Profit after tax as per Statement of Profit and Loss	A	19,462.02	16,349.35
Weighted Average Number of Shares	B	48,22,50,000	48,22,50,000
Basic Earnings per share	A/B	4.04	3.39
Diluted			
Adjusted Profit after tax	C	19,462.02	16,349.35
Weighted Average Number of Shares	D	48,22,50,000	48,22,50,000
Diluted Earnings per share	C/D	4.04	3.39
Nominal Value per share		10	10

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forming part of financial statement for the year ended 31 March, 2021
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34 Related Parties disclosure:

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

Parties where control exists: Holding Company

Axis Bank Limited ('ABL')

Fellow subsidiaries companies

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

Subsidiaries of Fellow subsidiaries companies

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

Key management person

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

Transactions with related parties

Nature of transactions	Holding Company	Fellow Subsidiaries including subsidiaries of fellow subsidiaries	Key Management Personnel	Total
Capital Receipts and Payments				
Repayment of WCDL & OD (ABL)	35,109.49	-	-	35,109.49
	(6,432.36)	(-)	(-)	(6,432.36)
Non-Convertible Debentures (ABL)	30,000.00	-	-	30,000.00
	(4,500.00)	(-)	(-)	(4,500.00)
Transactions				
Dividend Paid (ABL)	-	-	-	-
	(12,018.75)	(-)	(-)	(12,018.75)
Rent paid (ABL)	294.42	-	-	294.42
	(274.52)	(-)	(-)	(274.52)
Bank charges (ABL)	17.22	-	-	17.22
	(2.89)	(-)	(-)	(2.89)
NACH charges (ABL)	17.13	-	-	17.13
	(7.98)	(-)	(-)	(7.98)
Interest paid on borrowings (ABL)	789.76	-	-	789.76
	(5,227.96)	(-)	(-)	(5,227.96)
Mediclaim exps reimbursement (ABL)	-	-	-	-
	(35.14)	(-)	(-)	(35.14)

Notes

forming part of financial statement for the year ended 31 March, 2021

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

Nature of transactions	Holding Company	Fellow Subsidiaries including subsidiaries of fellow subsidiaries	Key Management Personnel	Total
Demat Charges (ASL)	-	0.19	-	0.19
	(-)	(3.43)	(-)	(3.43)
Demat Charges (ABL)	7.19	-	-	7.19
	(4.79)	(-)	(-)	(4.79)
Professional fees (ATSL)	-	5.25	-	5.25
	(-)	(1.50)	(-)	(1.50)
Salary, Rent and contribution to PF (KMP)	-	-	568.73	568.73
	(-)	(-)	(457.62)	(457.62)
Staff Loan Repayment (KMP)	-	-	3.10	3.10
	(-)	(-)	(5.93)	(5.93)
Group Term Life Premium Reimbursement (ABL)	30.32	-	-	30.32
	(17.17)	(-)	(-)	(17.17)
Brokerage paid (ASL)	-	16.71	-	16.71
	(-)	(29.81)	(-)	(29.81)
IPA commission charges paid (ABL)	3.50	-	-	3.50
	(5.00)	(-)	(-)	(5.00)
Future Service Gratuity Premium Reimbursement (ABL)	3.15	-	-	3.15
	(-)	(-)	(-)	(-)
Service charges other – IT Service fees (ABL)	50.54	-	-	50.54
	(38.62)	(-)	(-)	(38.62)
Cersai Charges (ATSL)	-	0.07	-	0.07
	(-)	(-)	(-)	(-)
Arrangership fees (ABL)	-	-	-	-
	(7.02)	(-)	(-)	(7.02)
Other Reimbursement of Expenses (ABL)	148.84	-	-	148.84
	(89.42)	(-)	(-)	(89.42)
Interest on Fixed Deposits (ABL)	16.61	-	-	16.61
	(-)	(-)	(-)	(-)
Royalty Charges (ABL)	154.69	-	-	154.69
	(150.53)	(-)	(-)	(150.53)
ESOP (ABL)	326.61	-	-	326.61
	(222.32)	(-)	(-)	(222.32)
Closing Balance				
Share Capital (ABL)	48,225.00	-	-	48,225.00
	(48,075.00)	(-)	(-)	(48,075.00)
Overdraft/Term Loan Account Balance (ABL)	10,010.46	-	-	10,010.46
	(35,109.49)	(-)	(-)	(35,109.49)
Current Account balance (ABL)	4,452.85	-	-	4,452.85
	(16,093.33)	(-)	(-)	(16,093.33)
Royalty Charges Payable (ABL)	40.23	-	-	40.23
	(33.48)	(-)	(-)	(33.48)
Fixed Deposits (ABL)	174.53	-	-	174.53
	(178.49)	(-)	(-)	(178.49)
OPE Payables (ABL)	-	-	-	-
	(51.27)	(-)	(-)	(51.27)
Non-Convertible Debentures (ABL)	30,000.00	-	-	30,000.00
	(-)	(-)	(-)	(-)

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forming part of financial statement for the year ended 31 March, 2021

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

Nature of transactions	Holding Company	Fellow Subsidiaries including subsidiaries of fellow subsidiaries	Key Management Personnel	Total
Sundry Receivables (ASL)	-	227.55	-	227.55
	(-)	(484.30)	(-)	(484.30)
Staff Loan given (KMP)	-	-	69.21	69.21
	(-)	(-)	(72.31)	(72.31)
Sundry Payables (ATSL)		2.29		2.29
	(-)	(-)	(-)	(-)
Demat Charges Payables (ASL)	-	-	-	-
	(-)	(0.06)	(-)	(0.06)

Note: -

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

35 Employee Benefits

a) Defined contribution plan (Provident fund)

Amount of ₹ in lakhs 285.33 (Previous Year ₹ 187.40) is recognised as expenses and included in Note 25 of "Employee Benefits expenses" in Statement of Profit and Loss.

b) Defined benefit plan (Gratuity)

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

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

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

Net employee benefit expense (recognised in employee cost):

Particulars	2020 – 2021	2019 – 2020
Current service cost	71.15	26.77
Interest cost on benefit obligation	13.52	9.66
Expected return on plan assets	(9.11)	(10.16)
Past service cost	-	-
Transferred from group Company	-	-
Net benefit expense/(income)	75.57	26.27

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

Particulars	2020 – 2021	2019 – 2020
Net actuarial (gain)/loss recognised in the year	(6.81)	41.52
Return on Plan Assets, Excluding Interest Income	3.92	3.14
Net benefit (income)/expense for the year recognised in OCI	(2.89)	44.66

Provision for gratuity recognised in Balance Sheet:

Particulars	2020 – 2021	2019 – 2020
Projected benefit obligation	(267.80)	(197.71)
Fair value of plan assets	218.21	133.18
Less: Unrecognised past service cost	-	-
Plan assets/(liability)	(49.60)	(64.53)

Notes

forming part of financial statement for the year ended 31 March, 2021
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Actual return on plan assets

Particulars	2020 – 2021	2019 – 2020
Expected return on plan assets	9.11	10.16
Actuarial gains/(losses) on plan assets	(3.92)	(3.14)
Actual Return on plan assets	5.19	7.02

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

Particulars	2020 – 2021	2019 – 2020
Opening projected benefit obligation	197.70	124.35
Interest cost	13.52	9.66
Current service cost	71.15	26.77
Past Service Cost - Vested Benefit Incurred during the period	-	-
Liability transferred in	-	-
Benefit Paid From the Fund	(7.77)	(4.60)
Actuarial (gains)/losses on obligation	(6.81)	41.52
Closing projected benefit obligation	267.80	197.70

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

Particulars	2020 – 2021	2019 – 2020
Opening fair value of plan assets	133.18	130.76
Expected return	9.11	10.16
Contributions by employer	87.61	-
Assets Transferred In	-	-
Benefits paid	(7.77)	(4.60)
Actuarial gains/(losses)	(3.92)	(3.14)
Closing fair value of plan assets	218.21	133.18

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

Gratuity

Particulars	2020 – 2021	2019 – 2020
Investment with insurer	100%	100%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

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

Particulars	2020 – 2021	2019 – 2020
Discount rate	6.82%	6.84%
Expected rate of return on assets	6.82%	6.84%
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.

Notes

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Amounts for the current and previous four periods are

Particulars	2020 – 2021 ₹	2019 – 2020 ₹	2018 – 2019 ₹	2017 – 2018 ₹	2016 – 2017 ₹
Projected benefit obligation	267.80	197.70	124.35	107.00	39.12
Plan assets	218.21	133.18	130.64	94.49	31.92
(Surplus) /deficit	49.60	64.52	(6.29)	12.51	7.20
Experience adjustments on plan liabilities	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

Particulars	2020 – 2021	2019 – 2020
Expected payment contibutions to the plan for next annual reporting period	142.42	135.68

The weighted average duration of defined benefit obligations as at 31 March 2021 is 12 years (Previous Year : 12 years)

Sensitivity Analysis

Particulars	2020 – 2021	2019 – 2020
Projected Benefit Obligation on Current Assumptions	267.80	197.71
Delta Effect of + 0.5% Change in Rate of Discounting	(13.44)	(9.63)
Delta Effect of - 0.5% Change in Rate of Discounting	14.60	10.46
Delta Effect of + 0.5% Change in Rate of Salary Increase	10.72	6.90
Delta Effect of - 0.5% Change in Rate of Salary Increase	(10.21)	(6.44)
Delta Effect of + 0.5% Change in Rate of Employee Turnover	(0.31)	0.60
Delta Effect of - 0.5% Change in Rate of Employee Turnover	0.27	(0.67)

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.

36 Deferred taxation & Income Tax:

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

Deferred Tax Asset/(Liability)	2020 – 2021	2019 – 2020
Depreciation	(91.25)	(80.80)
Fair Value gain/loss on MF	(0.15)	-
Provision for leave encashment	-	18.89
Unamortised Processing Fees	1,595.16	1,626.15
Lease and Deposit Fair Value	16.19	3.28
Fees on Loans Undisbursed	327.43	266.31
NCD Interest accrued and transaction cost	(316.59)	(393.06)
Fair Value of Investments	82.23	18.85
Term Loan at Amortised Cost	(0.63)	(3.55)
Expected Credit Loss	5,948.39	5,144.57
Provision for Impairment on Trade Receivables	1.33	3.05
Actuarial gain/loss on valuation of gratuity	12.48	16.24
Total	**7,574.59**	**6,619.93**

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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)	-
Unamortised 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	5,948.39
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)	2.92	-	-	2.92	(0.63)
	6,619.93	**954.65**	**-**	**-**	**954.65**	**7,574.59**

For the Year Ended March 31, 2020

Deferred taxes in relation to	Deferred Tax Asset/(Liability) Opening	to profit or loss	to OCI	Directly in equity	Total movement	Deferred Tax Asset/(Liability) Closing
Deferred tax assets						
Provision for leave encashment	24.46	(5.57)	-	-	(5.57)	18.89
Unamortised Processing Fees	2,828.27	(1,202.12)	-	-	(1,202.12)	1,626.15
Lease and Deposit Fair Value	-	3.28	-	-	3.28	3.28
Fees on Loans Undisbursed	366.43	(100.12)	-	-	(100.12)	266.31
Fair Value of Investments	12.18	6.67	-	-	6.67	18.85
Expected Credit Loss	2,242.94	2,901.63	-	-	2,901.63	5,144.57
Provision for Impairment on Trade Receivables	1.42	1.63	-	-	1.63	3.05
Actuarial gain/loss on valuation of gratuity	-	5.00	11.24	-	16.24	16.24
Deferred tax liablities						
Depreciation	(35.92)	(44.88)	-	-	(44.88)	(80.80)
NCD Interest accrued and transaction cost	(418.25)	25.19	-	-	25.19	(393.06)
Term Loan at Amortised Cost	(3.20)	(0.35)	-	-	(0.35)	(3.55)
	5,018.34	**1,590.36**	**11.24**	**-**	**1,601.60**	**6,619.93**

The components of income tax expense for the years ended	2020 – 2021	2019 – 2020
Current Tax	7,726.17	9,263.71
Adjustment in respect of current income tax of prior years	-	-
Deferred tax relating to origination and reversal of temporary differences	(955.38)	(1,590.36)
Total tax charge	**6,770.79**	**7,673.35**
Current Tax	7,726.17	9,263.71
Deferred tax	(955.38)	(1,590.36)

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Current Tax Assets (net)

Particulars	2020 – 2021	2019 – 2020
Current Tax Assets (net of provision for income tax)	5,022.08	4,396.54

37 Provisions and Contingencies

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

Particulars	2020 – 2021	2019 – 2020
Provisions for impairment on Investment	176.24	52.72
Provision towards NPA (Stage 3)	500.58	9,084.23
Provision towards Trade receivables	(6.85)	8.06
Provision made towards Income tax	7,726.17	9,263.71
Provision for Standard Assets (Stage 1 & Stage 2)	2,693.21	4,938.01
Total	**11,089.35**	**23,346.73**

38 Leases:

The changes in the carrying value of Right-of-use assets for the year ended March 31, 2021 are as follows:

Gross carrying value	Premises
Balance as at April 1, 2020	391.28
On adoption of Ind AS 116	
Addition	1,471.33
Translation adjustments	-
Balance as at March 31, 2021	1,862.61
Accumulative depreciation	
Balance as at April 1, 2020	31.00
Depreciation	144.60
Translation adjustments	-
Balance as at March 31, 2021	175.60
Net carrying value as at March 31, 2021	**1,687.01**

The following is the movement in lease liabilities during the year ended March 31, 2021

Gross carrying value	Premises
Balance as at April 1, 2019	-
On adoption of Ind AS 116	
Additions	391.28
Translation adjustments	-
Interest expense on lease liabilities	16.09
Payment towards Lease Liability	(34.50)
Balance as at April 1, 2020	372.87
On adoption of Ind AS 116	
Additions	1,471.33
Translation adjustments	-
Interest expense on lease liabilities	67.13
Payment towards Lease Liability	(162.25)
Balance as at March 31, 2021	**1,749.08**

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

Amounts recognised in Statement of profit and Loss during the year ended March 31, 2021

Particulars	2020 – 2021	2019 – 2020
Depreciation expense of right-of-use assets	151.27	32.45
Interest expense on lease liabilities	67.13	15.07
Total	**218.40**	**47.52**

Total cash outflow for leases:

Particulars	2020 – 2021	2019 – 2020
Total cash outflow for leases	162.25	34.50
Total	**162.25**	**34.50**

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

Tenure	2020 – 2021	2019 – 2020
Less than 1 year	173.30	44.03
1-3 years	408.66	98.61
3-5 years	431.88	109.30
More than 5 years	735.24	120.93
Balance as at March 31	**1,749.08**	**372.87**

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

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

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to be similarly affected by changes in economic or other conditions. In order to avoid excessive concentration of risk, the Company's policies include limits / guidelines on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Credit Risk

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

Impairment Assessment

a) Definition of Default and Cure

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

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

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

b) Probability of Default (PD) Estimation

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

c) Exposure at Default (EAD)

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

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 realisation of any collateral.

Significant Increase in Credit Risk

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

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

Grouping Financial Assets

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

Analysis of Risk Concentration

The Company's risk concentration is managed by client / counterparty limits. The maximum credit exposure to any client or counterparty was ₹ 165.76* crores as at March 31, 2021. Total exposure to 20 largest customers constituted 22.38% of the Company's total credit exposure as at March 31, 2021.

*Exposure include interest as well

Credit Risk Exposure Analysis at Amortised Cost

(₹ In lakhs)

Particulars	As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total
Wholesale (A)	7,87,060.11	22,089.02	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**	**22,593.63**	**31,518.70**	**10,32,854.23**
Investments	**30,670.85**	**-**	**-**	**30,670.85**

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(₹ In lakhs)

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

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

Interest Rate Risk

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

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

Increase / Decrease in basis points	Sensitivity of Net Interest Income	Sensitivity of Net Interest Income
	2020-21	2019-20
+/- 20 bps	- ₹ 381 lakhs / + ₹ 381 lakhs	- ₹ 64.43 lakhs / + ₹ 64.43 lakhs
+/- 30 bps	- ₹ 572 lakhs / + ₹ 572 lakhs	- ₹ 96.65 lakhs / + ₹96.65 lakhs

Operational Risk

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

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significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the asset.

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

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

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

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

Calculation of Expected Credit Losses (ECL)

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

Key elements considered for ECL calculation are as under:

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 realisation 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 recognised.

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 ₹ 8,780.93 lakhs during the year (Previous Year: Nil).

Public 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%

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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

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	WC/LOC/OD	0.00	0.00%
3	CP	2,57,500.00	26.36%
4	NCD	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

Notes

forming part of financial statement for the year ended 31 March, 2021

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

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.

Public Disclosure on Liquidity Risk March 31, 2020

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

i. Funding Concentration based on Significant Counterparty:

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

Notes:

- Significant Counterparty - a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the company's Total Liabilities.
- 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
4,56,394.72	71.52%

Note:

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

iv. Funding Concentration based on Significant Instrument/Product:

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

Notes:

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

Notes

forming part of financial statement for the year ended 31 March, 2021

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

v. Stock Ratios:

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

Notes:

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

vi. Institutional set-up for Liquidity Risk Management:

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

Notes

forming part of financial statement for the year ended 31 March, 2021
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

Financial year 2020-21											
Particulars	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

Financial year 2020-20											
Particulars	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	16,819.00	1,002.00	2,271.36	16,342.87	54,579.81	90,334.30	2,30,668.99	2,09,701.19	82,776.52	50,048.29	7,54,544.33
Investments	-	-	-	-	2.83	-	-	5,025.10	2,000.00	2,000.00	9,027.93
Borrowings	54,996.00	4,992.00	10,072.58	94,489.41	54,544.00	68,258.65	96,040.36	2,21,706.84	8,073.47	49,863.27	6,63,036.58

Notes

forming part of financial statement for the year ended 31 March, 2021

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

41 There are no restructured loans as at 31 March 2021 (31 March 2020 ₹ Nil).

42 Information related to Micro, Small and Medium Enterprises Development Act, 2006 (Act) has been determined to the extent such parties have been identified on the basis of information available with the Company. There is an outstanding balance of ₹ 3.73 lakhs due to such parties at year end. (31 March 2020 ₹ Nil).

43 Foreign currency expenditure and foreign currency income during the year was Nil (31 March 2020 ₹ Nil).

44 Capital to Risk-Asset Ratio (CRAR)

1. The primary objectives of the Company's capital management policy is to ensure that the Company complies with RBI imposed capital adequacy requirements and maintains healthy capital ratios in order to support its business and to maximise shareholder value.

2. The Company manages its capital structure and makes adjustments to it according to changes in economic and risk conditions and regulatory requirements. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

3. Tier I Capital consists of share capital, securities premium, retained earnings including current year profit less dividend distribution and reduced by deferred expenses, deferred taxes and intangible assets.

4. Tier II Capital consists of impairment provisions on financial instruments (assets) and subordinate debt.

Particulars	2020-21	2019-20
CRAR- Tier I Capital	1,35,083.05	1,15,945.62
CRAR- Tier II Capital	67,326.08	61,662.42
Total Capital	2,02,409.13	1,77,608.04
CRAR (%)	19.55%	23.01%
CRAR- Tier I Capital (%)	13.05%	15.02%
CRAR- Tier II Capital (%)	6.50%	7.99%
Amount raised by issue of Perpetual Debt Instruments	-	-

45 Exposure* to Real Estate Sector

Particulars	2020-21	2019-20
A) Direct Exposure		
(i) Residential Mortgages	15,531.17	2,184.78
(ii) Commercial Real Estate	4,35,831.97	4,22,734.03
(iii) Investment in Mortgage Backed Securities (MBS) and other securitised exposures		
(a) Residential	-	-
(b) Commercial Real Estate	-	-
B) Indirect Exposure	-	-
Total Exposure to Real Estate Sector	**4,51,363.14**	**4,24,918.81**

* 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.

46 Frauds detected and reported for the year amounted to ₹ 7.06 lakhs (previous year: ₹ 10.17 lakhs). The Company hold 100% provision as at March 31, 2021 for these fraud accounts.

47 The Company has not entered into any derivative transaction (including forward rate agreement /interest rate swap/ Exchange Traded Interest Rate (IR) Derivatives) during the current year and previous year and there is no outstanding derivative transaction as on March 31, 2021 and March 31, 2020 respectively.

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

Notes

forming part of financial statement for the year ended 31 March, 2021

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

49 There are no advances/projects financed by the Company wherein intangible security such as rights, licences, authorisations etc. are charged as collateral as at March 31, 2021 & March 31, 2020.

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

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

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

Name of Rating Agency	Type	Ratings	Amount (₹ in crores)	Tenure	Validity
India Ratings and Research Private Limited	Long term	IND AAA / Stable	3,907	-	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	

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

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

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

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

57 Exposure* to Capital Market

Particulars	2020-21	2019-20
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;	24,697.79	96,883.60
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	67,524.11	1,09,439.13
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;	3,603.38	4,400.37
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	**95,825.28**	**2,10,723.10**

* 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, 2021

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

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

59 Concentration of Advances*

Particulars	2020-21	2019-20
Total Advances to Twenty Largest Borrowers	2,50,915.05	2,53,875.18
Percentage of Advances to Twenty Largest Borrowers to Total Advances	23.55%	32.84%

* Advances include borrower contractual outstading balances

60 Concentration of Exposures*

Particulars	2020-21	2019-20
Total Exposure to Twenty Largest Borrowers / customers	2,69,493.33	2,50,549.51
Percentage of Exposures to Twenty Largest Borrowers / Customers to Total Exposure of Axis Finance on borrowers / customers	22.38%	28.54%

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

61 Concentration of Non Performing Assets* (NPAs)

Particulars	2020-21	2019-20
Total exposure to top four Non Performing Assets	23,759.37	33,838.69

* Assets under Stage 3 are considered as NPAs

62 Sector-wise Non Performing Assets (NPAs)

Particulars	% of NPAs to Total Advances in that sector 2020-21	% of NPAs to Total Advances in that sector 2019-20
Agriculture & allied activities	-	-
MSME	-	-
Corporate borrowers	3.50%	4.68%
Services	-	-
Unsecured personal loans	0.19%	-
Auto loans	-	-
Other personal loans	0.67%	4.00%

63 Movement of Non Performing Assets (NPAs)

Particulars	2020-21	2019-20
(i) Net NPAs to Net Advances (%)	1.86%	3.18%

(Net Advances include investment of amount ₹ in lakhs (March 31, 2021 : 74,947.88 & March 31, 2020 : 9,082.60)

(Only Stage 3 ECL is considered while computing Net Advances)

Particulars	2020-21	2019-20
(ii) Movement of NPAs (Gross)		
Opening balance	35,192.85	3,049.29
Additions during the year	7,083.27	32,143.56
Reductions during the year	(10,757.42)	-
Closing balance	**31,518.70**	**35,192.85**

Notes

forming part of financial statement for the year ended 31 March, 2021
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars		2020-21	2019-20
(iii)	**Movement of NPAs (Net)**		
	Opening balance	24,583.98	1,524.64
	Additions during the year	3,341.64	23,059.34
	Reductions during the year	(7,516.37)	-
	Closing balance	**20,409.25**	**24,583.98**

Particulars		2020-21	2019-20
(iv)	**Movement of Provision on NPAs (excluding provision on Standard Assets)**		
	Opening balance	10,608.87	1,524.64
	Additions during the year	3,741.65	9,994.51
	Reductions during the year	(3,241.07)	(910.28)
	Closing balance	**11,109.45**	**10,608.87**

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

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**	**5,831.98**	**6,693.30**
Non-Performing Assets (NPA)						
Substandard	Stage 3	13,097.82	5,852.68	7,245.13	5,756.27	96.41
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**	**5,249.53**	**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**	**9,416.27**	**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	9,416.28	1,693.17
	Total	**10,32,854.23**	**23,634.72**	**10,09,219.51**	**15,248.26**	**8,386.47**

Notes

forming part of financial statement for the year ended 31 March, 2021
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

FY 2019-20

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

65 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, 2021, the applicable minimum LCR required to be maintained by the Company is 50.00%.

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, 2021, Axis Finance Limited maintained monthly average HQLA (after applicable haircut) of ₹ 51,999.79 Lakhs against the average HQLA requirement of ₹ 13,797.65 Lakhs at minimum LCR requirement of 50.0%. The monthly average LCR of Axis Finance Limited for the three months ended March 31, 2021 was 188.44% (The monthly average LCR of Axis Finance for the three months ended December 31, 2020 was 143.90%). 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, 2021

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

65 Liquidity Coverage Ratio

		Three months ended March 31, 2021		Three months ended December 31, 2020		Three months ended September 30, 2020		Three months ended June 30, 2020	
		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)	53,113.88	51,999.79	23,183.43	23,084.28	20,693.67	20,693.67	11,188.00	11,188.00
Cash Outflows (Refer Note 2)									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	52,391.00	60,249.65	49,839.00	57,314.85	49,061.67	56,420.92	46,107.33	53,023.43
4	Secured wholesale funding	43,592.67	50,131.57	5,957.67	6,851.32	8,623.67	9,917.22	22,285.33	25,628.13
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**	**95,983.67**	**1,10,381.22**	**55,796.67**	**64,166.17**	**57,685.33**	**66,338.13**	**68,392.67**	**78,651.57**
Cash Inflows									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	47,839.67	35,879.75	40,595.33	30,446.50	70,190.80	52,643.10	62,887.00	47,165.25
11	Other cash inflows (Note 3)	82,033.33	61,525.00	42,466.67	31,850.00	23,066.67	17,300.00	16,666.67	12,500.00
12	TOTAL CASH Inflows	**1,29,873.00**	**97,404.75**	**83,062.00**	**62,296.50**	**93,257.47**	**69,943.10**	**79,553.67**	**59,665.25**
13	TOTAL HQLA	**53,113.88**	**51,999.79**	**23,183.43**	**23,084.28**	**20,693.67**	**20,693.67**	**11,188.00**	**11,188.00**
14	TOTAL NET CASH OUTFLOWS	**23,995.92**	**27,595.30**	**13,949.17**	**16,041.54**	**14,421.33**	**16,584.53**	**17,098.17**	**19,662.89**
15	LIQUIDITY COVERAGE RATIO (%)	**221.35%**	**188.44%**	**166.20%**	**143.90%**	**143.49%**	**124.78%**	**65.43%**	**56.90%**

*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 corporate bonds with mandated haircuts.
2. Does not include operating costs as guided by BCBS circular Basel III: LCR and liquidity risk monitoring tools published in January 2013.
3. Includes liquid fund balances.
4. 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, 2021

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

66 Merger for Axis Finance Limited and Axis Private Equity Limited

1. The company had filed a Scheme of Amalgamation of Axis Private Equity Limited with Axis Finance Limited under section 230 to 232 of Companies Act, 2013. On 27th July 2020 , the Company received the certified copy of order from National Company Law Tribunal ('NCLT') approving the amalgamation of Axis Private Equity Ltd. with the Company, appointed date being April 1, 2017.

The amalgamation qualifies as a 'common control transaction' and has been accounted for using the Pooling of interest method as per Appendix C to Ind AS 103 - Business Combinations.

Accordingly, the financial results for previous period year presented in these financial statement have been restated as if the business combination had occurred with effect from April 1, 2019 irrespective of the actual date of acquisition and are not comparable with those reported earlier, in so far as it relates to the amounts included in respect of above said amalgamation.

The position of assets, liabilities and equity of Axis Private Equity as at beginning and end of the previous year is as below:-

(₹ in Lakhs)

Particulars	March 31, 2020	April 1, 2019
ASSETS		
Financial Assets		
Cash and cash equivalents	0.81	0.17
Bank Deposits other than Cash and cash equivalents	178.51	206.79
Trade Receivables	0.63	-
Sub-total-Financial Assets	**179.95**	**206.96**
Non-Financial Assets		
Current Tax Assets (net)	136.99	135.38
Property, plant and equipment	0.10	0.13
Other non-financial assets	34.82	28.34
Sub-total-Non-Financial Assets	**171.91**	**163.85**
Total - Assets	**351.86**	**370.81**
LIABILITIES AND EQUITY		
LIABILITIES		
Financial Liabilities		
Other financial liabilities	2.57	-
Sub-total-Financial liabilities	**2.57**	**-**
Non-Financial liabilities		
Provisions	1.82	1.81
Other non-financial liabilities	0.30	0.04
Sub-total-Non-Financial liabilities	**2.12**	**1.85**
Total-liabilities	**4.69**	**1.85**
EQUITY		
Equity share capital	150.00	150.00
Other equity	197.17	218.96
Total - Equity	**347.17**	**368.96**
Total - Liabilities and Equity	**351.86**	**370.81**

Notes

forming part of financial statement for the year ended 31 March, 2021

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

Further, the following profit and loss effects upto September 11, 2020 pertaining to Axis Private Equity Limited have been included in the statement of profit and loss of the company:-

(₹ in Lakhs)

Particulars	For the period ended September 11, 2020	For the year ended March 31, 2020
Income		
Other Income	3.38	14.46
Total Income	**3.38**	**14.46**
Expense		
Employee Benefits Expenses	6.54	31.32
Depreciation, amortisation and impairment	0.01	0.03
Others expenses	1.56	4.90
Total expenses	**8.11**	**36.25**
Profit for the period/year	**(4.73)**	**(21.79)**

After requisite approval, the company has issued 15,00,000 equity shares of face value ₹ 10 each to the shareholders of Axis Private Equity Ltd.

67 Disclosures pursuant to RBI Notification - RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 07, 2021

In accordance with the instructions in the aforesaid circular dated April 07, 2021, the Company shall refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such 'interest on interest' would be finalised by the Indian Banks Association (IBA) in consultation with other industry participants / bodies and is awaited as on the date of approval of these financial statements. The Company has however estimated the said amount and recognised a charge of ₹ 237 Lakhs in its Profit and Loss Account for the year ended March 31, 2021.

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

Particulars	March 31, 2021	March 31, 2020
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3	7,986.67	11,911.52
Respective amount where asset classification benefits is extended	4,593.05	5,043.01
Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5	582.01	582.01
Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6	482.13	-

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

70 Customer Complaints

Particulars	2020-21	2019-20
No. of complaints pending at the beginning of the year	3	-
No. of complaints received during the year	116	30
No. of complaints redressed during the year	119	27
No. of complaints pending at the end of the year	-	3

Notes

forming part of financial statement for the year ended 31 March, 2021
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

Particulars	2020-21	2019-20
Gross amount required to be spent by the company during the year	590.91	599.49
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	590.91	599.49
C) On purposes other than (A) above - Yet to be paid	-	-

72 Details of Auditors Remuneration

Particulars	2020-21	2019-20
For Statutory Audit and Limited Review	48.00	39.50
For Statutory audit certification fee	7.50	4.00
Total	**55.50**	**43.50**

73 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 and behalf of the board of Axis Finance Limited

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

Amitabh Chaudhry
Chairman
DIN No: 00531120

Bipin Kumar Saraf
Managing Director
DIN No: 06416744

per Viren H. Mehta
Partner
Membership No.: 048749

Amith Iyer
Chief Financial Officer

Rajneesh Kumar
Company Secretary
Membership No: A31230

Place of Signature: Mumbai
Date: April 16, 2021

Notes

forming part of financial statement for the year ended 31 March, 2021

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

Particulars	Amount outstanding as at March 31,2021	Amount overdue as at March 31, 2021	Amount outstanding as at March 31,2020	Amount overdue as at March 31, 2020
Liabilities side :				
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:				
(a) Debentures : Secured	5,33,929.33	-	2,17,482.95	-
(a) Debentures : Unsecured (other than falling within the meaning of public deposits*)	59,990.04	-	52,916.72	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	1,14,480.73	-	1,75,732.67	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	2,54,968.68	-	1,63,194.85	-
(f) Public Deposits*	-	-	-	-
(g) Other Loans (Bank's Line of Credit)	-	-	53,709.39	-
(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 31,2021	Amount overdue as at March 31, 2021	Amount outstanding as at March 31,2020	Amount overdue as at March 31, 2020
Assets Side :				
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :				
(a) Secured	8,99,230.16	22,391.97	7,09,096.46	9,825.75
(b) Unsecured	1,33,624.07	685.20	65,888.80	-
(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, 2021
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

(5) Break-up of Investments :

Particulars	As at March 31, 2021	As at March 31, 2020
Current Investments :		
(a) Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	15,415.19	9,082.60
(iii) Units of mutual funds	15,000.61	-
(iv) Government Securities	43,570.89	-
(v) Others (please specify)	-	-
(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	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)	-	-
	89,948.49	**9,082.60**

(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, 2021			Amount net of provisions as at March 31, 2020		
	Secured	Unsecured	Total	Secured	Unsecured	Total
(a) Related Parties **						
(i) Subsidiaries	-	-	-	-	-	-
(ii) in the same group	-	-	-	-	-	-
(iii) Other related parties	-	-	-	-	-	-
(b) Other than related parties	8,76,986.28	1,32,233.23	10,09,219.51	6,89,684.73	64,859.60	7,54,544.33
Total	**8,76,986.28**	**1,32,233.23**	**10,09,219.51**	**6,89,684.73**	**64,859.60**	**7,54,544.33**

Notes

forming part of financial statement for the year ended 31 March, 2021

(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, 2021	Book Value (Net of Provisions) as at March 31, 2021	Market Value / Break up or fair value or NAV* as at March 31, 2020	Book Value (Net of Provisions) as at March 31, 2020
(a) Related Parties **				
(i) Subsidiaries	-	-	-	-
(ii) Companies in the same group	-	-	-	-
(iii) Other related parties	-	-	-	-
(b) Other than related parties	89,690.31	89,717.57	9,811.41	9,027.93
Total	**89,690.31**	**89,717.57**	**9,811.41**	**9,027.93**

* Disclosure is made in respect of available information

** As per Accounting Standard of ICAI (Please see Note 2)

(8) Other information

Particulars	2020-21	2019-20
(a) Gross Non-Performing Assets		
(i) Related parties	-	-
(ii) Other than related parties	31,518.70	35,192.85
(b) Net Non-Performing Assets		
(i) Related parties	-	-
(ii) Other than related parties	20,409.25	24,583.98
(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

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

STATUTORY AUDITORS

M/s. S.R. Batliboi & 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

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DEBENTURE TRUSTEE

CATALYST TRUSTEESHIP LIMITED
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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
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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
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