AXIS FINANCE

Annual Report 2022-23

DIVERSIFY

DE-RISK

DIGITALISE

10 years of continuing excellence

Contents

For more details visit
www.axisfinance.in

Product portfolio
PG 6

Operating landscape
PG 20

Strategic priorities
PG 22

Highlights FY 2023^

AUM (₹ crores)
24,995
47%

PAT (₹ crores)
579.10
67%

ROE
21.10%

NNPA
0.26%

Y-o-Y growth

Key stakeholders

Customers

Employees

Investors

Clients

Government
and Regulators

Society

Partners

DIVERSIFY. DE-RISK. DIGITALISE.

10 years of continuing excellence

In our decade long journey, we have continued creating excellence with a diversified, digital with human touch franchise that adopts prudent risk management practices. We have delivered robust performance across business cycles with best-in-class growth, asset quality, operating metrics, and service standards.

We initially started as a wholesale focussed NBFC and few years back we ventured into retail business that achieved quickest break even. Recently, we entered the emerging market business to complement wholesale banking under corporate banking. We are on a journey to become well diversified financial services institution. . The diversification has given us granularity and profitability while ensuring sustainability.

We have integrated digital way of life in all our business practices to augment our offerings and offer end-to-end seamless digital journey to our customers. Additionally, digitalisation is helping us streamline credit underwriting and collection processes, increase operating efficiency, empower employees and build partner collaboration.

As we step in the next decade, we are optimistic and ready to embark upon the next phase of growth with our strategic priorities of actively investing in people, product and processes. In our journey, we also have our sight focussed on touching peoples' lives positively.

Corporate identity

Technology-driven. Human touch-enabled.

Wholly owned by Axis Bank and powered by the 'One Axis' ecosystem, Axis Finance is one of the fastest growing NBFCs in India. With an unwavering focus on people, products and processes, we have built a technology-led, scalable business that fulfils the diverse aspirations of our customers. In the process, we are raising the industry bar across growth, operating and financial metrics and service delivery standards.

Vision

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

Core values

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

- Customer centricity
- Ethics
- Transparency
- Teamwork
- Ownership

Axis Finance in numbers

AAA Long term credit rating	₹24,995 AUM
1,081 Employees	20.10% Capital Adequacy ratio
24,007 Balance Sheet size	₹6.4 crores CSR Spend

GPS strategy

Growth

- Fastest growing NBFC
- Well diversified portfolio

Profitability

- Fastest to achieve break even in retail
- Consistent Y-o-Y profit growth since 2013

Sustainability

- Strong risk and compliance culture
- Highly committed team driven by core values
- All core processes powered by automation
- Best in class asset quality metric

Widened national footprint

Axis Bank - Sub-leased branches
Axis Finance Limited Branches
Co-working
*2 branches
Map not to scale

Corporate identity

Milestones in the decade long journey

2014

₹1,104 crores AUM

2016

₹111 crores PAT

2019

Launched Retail Assets

2022

30+ Branches

200+ Locations

2023

₹24,995 crores AUM

₹579.10 crores PAT

2020

₹7,816 crores AUM

Product portfolio

Diversify offerings. Widen impact.

Axis Finance started its operations with lending to the wholesale segment. We entered the retail segment in 2019 and the emerging market segment that focuses on small ticket corporate loans and collateral based loans in non-metro markets in H2 FY 2021-22 to meet aspirations of our diverse set of customers across markets. Recently we combined our wholesale and emerging market vertical together by branding it as corporate banking.

Business verticals

Wholesale Banking

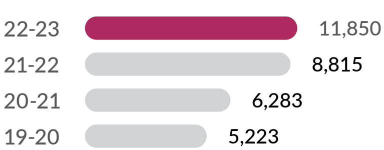
Our wholesale lending portfolio encompasses a range of financial solutions including corporate loans, collateralised loans and real estate financing. In this vertical, we provide loans to mid and large corporates. Wholesale vertical accounts for 47% of our overall portfolio. The Emerging Markets business focuses on small ticket corporate loans and loans backed by a variety of collaterals especially in non-metro markets. The Emerging Markets business was launched in H2 FY 21-22. The Emerging Markets business aims for granular and well-diversified growth across markets.

Strengths

- Industry best TAT
- Repeat business with large groups
- Differentiated service offerings
- Industry best credit underwriting

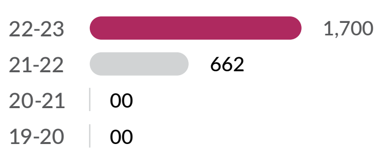
Wholesale **(₹ in crores)**

11,850



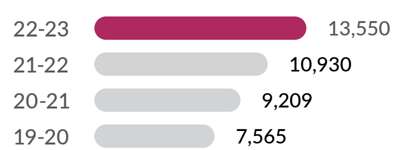
Emerging segment **(₹ in crores)**

1,700



AUM **(₹ in crores)**

13,550



Retail segment

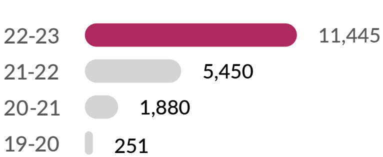
Our Retail vertical accounts for 46% of our overall loan book. Over the last three years, we have substantially increased our focus on retail lending which resulted significant growth.

Strengths

- Best in class disbursal TAT – within 15 minutes from e-agreement
- 95% of Personal Loan have NIL physical documents
- Best in class approval (~2x industry) and disbursal (~1.5x industry)

AUM **(₹ in crores)**

11,445



Key performance indicators

De-risk growth. Strengthen fundamentals.

As we celebrate our 10 years, we look back at our performance with pride and gratitude to our customers. We have continued our strong performance again even in a challenging financial year.

Gross AUM (₹ in crores)

24,995 ▲ 47%* 30%#

22-23	24,995
21-22	17,059
20-21	11,089
19-20	7,816
18-19	8,140
17-18	6,624
16-17	4,292
15-16	3,104
14-15	2,095
13-14	1,104

Total income (₹ in crores)

2,326 ▲ 62%* 26%#

22-23	2,326.00
21-22	1,433.00
20-21	1,011.00
19-20	1,000.00
18-19	895.00
17-18	721.50
16-17	575.40
15-16	372.99
14-15	224.26
13-14	76.03

Net interest income (₹ in crores)

948 ▲ 40%* 31%#

22-23	948.00
21-22	675.00
20-21	506.00
19-20	474.00
18-19	389.00
17-18	249.94
16-17	176.29
15-16	144.02
14-15	89.96
13-14	35.68

*Y-o-Y growth, #(5-year CAGR), ^ bps Y-o-Y, ##(4-year CAGR)

Profit after tax (₹ in crores)

579 ▲ 67%* 22%#

22-23	579
21-22	346
20-21	195
19-20	164
18-19	211
17-18	209
16-17	165
15-16	111
14-15	78
13-14	33

Net worth (₹ in crores)

3,172 ▲ 45%* 24%#

22-23	3,172
21-22	2,191
20-21	1,442
19-20	1,245
18-19	1,220
17-18	1,065
16-17	876
15-16	725
14-15	590
13-14	412

Total Assets (₹ in crores)

24,007 ▲ 39%* 31%##

22-23	24,007.00
21-22	17,302.00
20-21	11,205.00
19-20	7,940.00
18-19	8,126.00
17-18	6,676.51
16-17	5,275.56
15-16	3,368.04
14-15	3,471.62
13-14	1,218.41

Capital adequacy ratio (in %)

20.1 ▲ 9^

22-23	20.1
21-22	19.2
20-21	19.54
19-20	23.01
18-19	21.09
17-18	23.76
16-17	23.15
15-16	21.81
14-15	17.18
13-14	34.59

Net Interest Margin (in %)

4.70 ▼ 80^

22-23	4.70
21-22	5.50
20-21	6.40
19-20	6.20
18-19	5.30
17-18	4.80
16-17	6.40
15-16	5.80
14-15	6.70
13-14	10.1

NPA (in %)

0.60 ▼ 60^

22-23	0.60
21-22	1.20
20-21	2.90
19-20	4.50
18-19	0.40
17-18	0.00
16-17	0.00
15-16	0.00
14-15	0.00
13-14	0.00

Above the separator - Ind AS

Below the separator - IGAAP

Tech-led transformation

Digitalise operations. Deliver delight.

At Axis Finance, we have built a seamless digital infrastructure across our value chain to automate workflows and augment processes. We leverage AI, ML, and advanced analytics to manage portfolio, underwrite risks, and drive collection efficiency, which not only enables us to improve efficiencies and drive profitable growth, but also empowers employees and delights customers at every stage of their financial journey with us.

Tech Stack

Automation

- Critical tools for appraisal with front end like Retail LOS, various API integrations, etc.
- Tools to ensure proactive Portfolio, Data & Risk Management- Data Warehousing, Ops Risk, HR, etc.

Data analytics

- Credit Risk Analytics Bureau Scrubs
- AFL's Bureau Scorecards
- EWS models

Deeper integrations

- End to end integration of all source systems
- Ensuring accuracy and quicker TAT in generating outputs by eliminating manual efforts 2D

Technology roadmap

FY 23 and FY 24

FY 25 and FY 27

Phase 1

Strengthen core system to handle scale and agility

- Build for scale on retail
- Estimated 3,000 concurrent users and 10 lakh customers

Phase 2

Create deeper integration and APIs for external integrations

- CRM and core system
- Treasury, NPA, AUM, ECL and EIR

Phase 3

Strengthen data management capacities – (a) storage (b) security (c) analytics abilities

- Data warehouse
- Analytical tools for risk and business

Phase 4

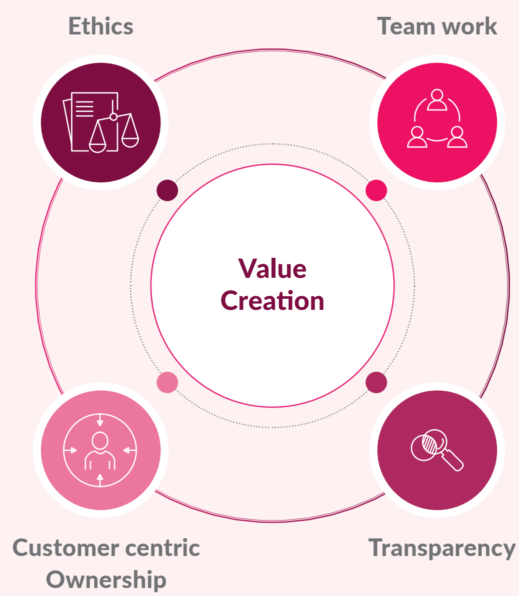
To understand evolving new technologies to benefit blockchains/ML/AI/ChatGPT

- Speech to text
- Low code – no code platform

Tech-led transformation

	Objective	Initiative	Impact
Digital for Customers	Provide personalised and contactless experience to retail customers through best-in-class fully integrated LOS & LMS, Website, Customer app, DSA/ Sales portal	Pre-filled agreement, digital welcome letter, online customer portal, alerts during loan journey, multiple payment options, Loan Management System, Integrations with AML, ALM, CKYC, De-dupe rule engine & NPA etc	• Faster processing • Customer satisfaction
Digital for People	Build a workplace that provides ease of work and automated workflows throughout the employee lifecycle.	Seamless employee onboarding, HRMS mobile app, sales tool kit, LOS mobile app, Zoho, GCube etc.	• Employee satisfaction • Improved productivity
Digital for Partners	Collaboration to become a reliable partner.	E-invoice generation, E- agreement, MIS on WhatsApp, Channel partner portal	More cross selling, up selling opportunities
Digital for regulatory and compliance	Ease of doing business and better risk management	• NPA Automation, ECL/EIR, AML integrations, CKYC integration, Compliance Management Tool, • Data Reporting tool, Operational Risk Management, Early Warning Systems	More efficient management

Digital Philosophy	Key Principle
• Digital front end – from loan origination to repayment • Enable branch lite model • Contribute to net zero	Simplicity and Agility to build scalable platform.
• Optimise Data Analytics • Enable branch light model	Single source of truth
• Enable branch lite model • Contribute to net zero	Speed of innovation & opera architecture
Implementation of compliance management tool	Secure and trusted application framework



Case study

Physical to Digital

The old process involved the sales officer filling physical booklet after loan approval, meeting the customer, collection of documents from customer, stamping and final submission to operations department. The process took 3- 5 days, a lot of paperwork and required storage of physical documents.

The New Digital process was launched reimagining customer relationships. Under this process, post approval, the Ops team sends out signing invites to multiple borrowers simultaneously every 30 minutes. The documents are pre-filled and eStamped automatically. Customers receive pre-filled agreement kit via SMS/Email and eSign with a single Aadhaar. Both Axis Finance and Customer receive final eSigned and eStamped agreement instantly. Document and audit trail are automatically stored in Axis Finance's servers.

Chairman's message

Passion to outperform

Dear shareholders,

I am delighted to present our annual report for the year 2022-23. This year marks the 10th anniversary for Axis Finance as an Axis group entity. I am proud to share that your Company has demonstrated consistent and sustainable growth over the past decade, even in the face of a challenging economic and business environment.

I am happy to report we have continued to make significant progress across financial and non-financial metrics. We also remain committed to creating long-term value for our shareholders by investing in people, processes, and products.

The India growth story has not been deterred by global macroeconomic headwinds. The economy has shown exceptional resilience due to its structural strengths and growth-supportive government policies. Further, the RBI has taken a pause in its rate hiking cycle, and financial institutions remain well capitalised. Although, some multilateral agencies have lowered their growth forecast for India, the country is still expected to grow at a faster pace than most major economies.

The NBFC sector in particular has emerged stronger after facing a couple of difficult years, and their most important parameters - asset quality, capital position, collection efficiency, and profitability have significantly improved. The sector is now well-positioned to capitalise on the growth opportunities that lie ahead.

Your Company has been aggressively investing in developing unique products, processes, and experiences to emerge as one of the most preferred NBFCs in India. In FY 2022-23, the corporate lending vertical comprising wholesale and emerging business, continued to grow. It has been building a granular loan book with consistent profitability and best-in-class asset quality. Our retail vertical has almost doubled in a year and now matches the contribution of the corporate segment in terms of AUM. We expect both the verticals to grow profitably and sustainably in alignment with the Axis Group's GPS (Growth, Profitability & Sustainability) strategy.

Having spent the past decade building a formidable corporate and retail franchise, we are now shifting gears and getting our systems ready to grow at scale. We aim to grow sustainably by increasing our touchpoints, expanding partnerships, and leveraging the power of 'One Axis' for all key functions. Our digital capabilities will act as a true differentiator in augmenting customer experience.

We will continue to invest in digital infrastructure, strengthen the core, and modernise our processes. We are also building data analytics capabilities to leverage data for improved decision making and risk analytics. All these together will go a long way in elevating customer experience, making our processes more robust, and supporting sustainable growth at scale.

Above all, we recognise the importance of people in achieving success. We continue to invest in creating an enabling culture for our people and aspire to become one of the best places to work.

As we progress through FY 2023-24, we will continue to focus on the following key areas:

- Growing our retail and corporate lending businesses
- Expanding our geographic reach
- Enhancing our Risk & Compliance Management Framework
- Building a strong culture of innovation and customer service

> "Our retail vertical has almost doubled in a year and now matches the contribution of the corporate segment in terms of AUM"

I am confident that we can achieve these goals and continue to deliver outstanding results for all our stakeholders.

I also take this opportunity to thank you all for your continued support and trust, which motivate us to keep raising the bar!

Best regards,

Amitabh Chaudhry
Chairman

MD & CEO's message

Ready to create impact at scale

Dear shareholders,

Every milestone is a stepping-stone for the next. As we celebrate a decade of excellence, we are embarking on yet another journey, to become the most preferred NBFC in India.

Amid a challenging external environment characterised by volatility, we have not only achieved strong growth in AUF and profitability, but have also managed to maintain our best-in-class asset quality metrics. Our 100,000 plus valuable customers are served through 32 branches and 200+ sourcing locations. We have now built an industry-leading wholesale franchise with strong portfolio quality and return metrics, and the granularity of our Wholesale book has increased significantly during the past fiscal.

In FY 2022-23, our Wholesale AUM grew 22% y-o-y to ₹13,550 crores, while our Retail book continued to demonstrate robust growth almost doubling to ₹11,000 crores from ₹5,694 crores in FY 21-22. Our net profit grew 67% to ₹579 crores, and consistent efforts towards improving our asset quality led to a further reduction in the NNPA ratio to 0.26%.

As we step into the new decade, we are shifting our focus towards building scale, keeping customers at the centre of all our initiatives. In corporate banking, we aim to improve granularity and re-design the book mix, which would include niche sectors to improve NIM and profitability. In FY 2023-24, our target is to scale up to 43 branches and improve TAT for smaller ticket loans. For the retail segment, our goal is to deepen our presence in Tier 3 and Tier 4 cities and build on partnerships, co-lending and sell-down. For all verticals, including Treasury, we aim to improve our systems to deliver at scale. We continue to derive synergies in the One Axis ecosystem to provide holistic solutions to our customers. Our target is to grow above the industry growth rate by a considerable margin.

We have identified all core and critical digitisation initiatives, in line with our technology roadmap. Accordingly, in the next two years, we will invest in our core system to handle scale with agility. Over the mid to long-term, we aim to strengthen data management and use evolving ML/AI technologies in our decision making and monitoring.

At AFL, our unique initiatives to foster a cohesive and collaborative work culture have resulted in a reduction in attrition rate. We will continue to invest in our people, and strive relentlessly to attract, retain and grow our exceptional talent pool.

Over the years, our endeavour has been to ensure transparency and maintain the highest standards of Corporate Governance in all our business processes. We have identified ESG as one of our key focus areas and are in the process of laying down the roadmap for driving sustainable growth in the future. We remain steadfast in our commitment to the environment and our communities.

This incredible journey would not have been possible without the support of our customers, our enthusiastic employees, the guidance of our regulators and the management of Axis Bank.

“As we step into the new decade, we are shifting our focus towards building scale, keeping customers at the centre of all our initiatives”

I would like to thank all our stakeholders for their trust and faith in us, as we take confident strides into the future to emerge as one of the most respected financial institutions in India.

Regards,

Bipin Saraf
Managing Director & CEO

Business model

Creating value for our stakeholders

Inputs

Financial Capital

Net worth: **₹ 3,172 crores**

RoE: **21.1%**

Human Capital

No of employees: **1,081**

Training hours: **48,204**

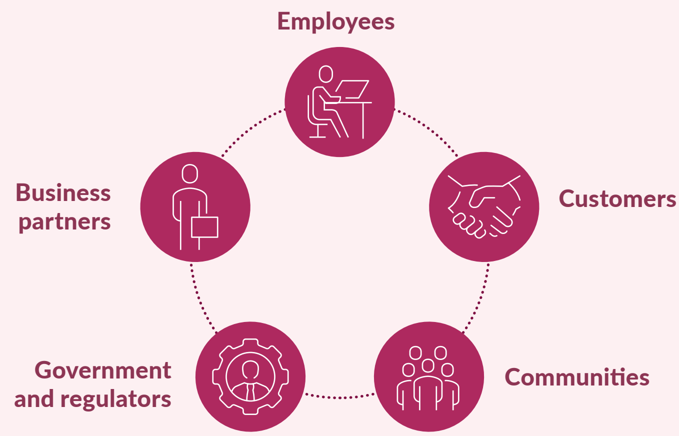
Intellectual capital

(Tech initiatives)

Social and Relationship capital

Stakeholder relationships we depend on

Our Parent Axis Bank, Customers, Employees



Employees
We provide a positive work environment for our people and engage with them regularly, bringing their best to work.

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

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

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

Communities
We empower our communities by participating in social welfare programmes through Axis Bank Foundation or by itself.

Value Creation Processes

Operating landscape
Analysing macroeconomic environment and industry trends

Strategic priorities
- Scale up emerging markets business
- Strengthening core books in wholesale business
- Accelerating retail business

Generating employment opportunities
Empowering employees to delight customers and build a fulfilling career and life, upskilling, career development opportunities

Product design
- Risk management
- Credit models
- Data science

Product distribution
Phygital network of branches, distribution partners and platforms

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

Operations
- Customer service
- Disbursals
- Collections

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

Outcomes

Growth in Total income: **62% YoY**

Reduction in the attrition rate in the industry

Recognition as one of the best place to work

Digital invoicing with focus on reducing carbon footprint

Majority of the Customer complaints closed within regulatory TAT

Mutually beneficial, reliable, long-term partnerships

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

Lives impacted through various initiatives

Operating landscape

Well placed to capitalise on opportunities

We continuously track the national as well as global macro-economic environment and industry specific trends. This enables us to adjust with agility to changing market conditions while optimising risk management and meeting stakeholder expectations

After weathering unprecedented storms over last couple of years, NBFCs emerged stronger in the evolving credit landscape. Risk management has improved with better provisioning and asset quality, NIMs have improved and the companies have raised capital leading to strong balance sheets. In fact, the AUM of NBFC sector are expected to increase by 13%-14% in FY 23-24 .

Larger NBFCs are tapping new segments. As digitalisation, tech-enabled business processes, and data analytics become mainstream, co-lending and partnerships are becoming a trend to garner more market share. The NBFC companies are shifting their focus from traditional segments of housing loan and vehicle loans to more profitable unsecured MSME loans and used vehicle finance which are expected to be key growth areas.

Strong impetus to MSMEs from Government

GoI is focussed on the MSME segment as the MSMEs contribute 33% to the country's GDP and generate over 120 million jobs across industries and regions of the country contributing to equity and financial inclusion through wealth creation for masses. Calling MSME as the "growth engine" the Finance Minister allocated ₹22,138 crores to the MSMEs.

As of April 1, 2023, the Finance Ministry plans to infuse ₹9,000 crores into the Credit Guarantee Fund Trust for Micro and Small Enterprises Credit Guarantee Scheme. There will be provision for additional collateral-free credit of ₹2 lakh crores to MSMEs, while reducing the credit cost by 1%. According to the BLinC Invest MSME trending report, the credit demand from MSMEs stands at ₹64 trillion and only 15% of it is met by formal institutions.

Rising interest rates

The Central Banks all over the worlds have adopted tightening monetary policies to counter inflation. This rising interest rate scenario is expected to lead to increase in cost of borrowings for NBFCs by 100-120 basis points. However, most NBFCs will be able to pass this to customers to a large extent, though they might not be able to pass it on fully without impacting growth. This is expected to result in yield compression by 40-60 bps in the next financial year and the strongest NIM era might be behind us.

Digitalisation

The pandemic led to staggering rise and adaptation of digital as a way of life. RBI's digital adaptation index rose from 100 in March 2018 to 350 in March 2022 reflecting the growth in digital adoption in India. Enhanced mobile network coverage, rising smartphone usage, cheap cost of mobile internet along with easy availability of formal data facilitating underwriting in some segments has resulted in end to end digital processing for some types of loans. Digitalisation also leads to customer satisfaction due to faster, seamless processing and facilitates cost saving for the institution.

AFL's response

Rising interest rates: Axis Finance is pro-actively managing treasury for controlling cost of funds. It is diversifying and granularising investor base to include more corporate trusts or PFs for fund raising. It is managing liquidity pro-actively to ensure minimal idle liquidity and positive ALM. We are also avoiding long tenor fixed instruments, reducing basis risk and linking higher borrowing with volatile benchmarks to control costs.

MSMEs: Axis Finance launched the emerging market segment in FY 22 to continually focus on MSMEs for granularity. We have plans for further geographical (31 locations currently to 43 next year) as well as product expansion by setting up emerging corp desk for smaller ticket loans. Axis Finance continued to focus on the MSME segment by strengthening the product disbursement by leveraging technology. Kindly refer separate MSME segment.

Digitaliisation: We at Axis Finance, have developed digital front end from loan disbursement till loan repayment. We have optimised data analytics in designing scorecards, policy, delegation and productivity. Making all processes paperless also helps us to contribute to Net-zero. For FY 23-24, credit risk analytics, data warehousing, corporate LOS are some of our digitisation focus projects

Strategic priorities

Carving roadmap for sustainable growth

We have realigned our business introducing new segments for diversification. We are continuously investing in people, processes and products to propel resilient and purposeful growth. Our customer first approach, empowered employees, human touch-led digitisation will fuel responsible and sustained growth.

We have recorded strong profitability and asset growth during FY 22-23. We have the best asset quality metric in the industry. All our core processes have been powered with automation and at 88.6%, we boast of the highest value score within the Axis group. Our one Axis synergies give further impetus to our growth.

Strategic Priority	Sustainable Growth	Digitisation
Initiative FY 2023	• Focus on granularity • Clear focus on asset quality • Expansion of partnerships	• Implemented version updates with enhancements • All core and critical support systems powered by automation
Achievement FY 2023	• Sustainable AUM growth • Among the best in asset quality metrics • Among the lowest cost to income ratio in industry	• Highest score on Bitsight score benchmarking among peers • Seamless and paperless customer journey with negligible complaints
Aim FY 2024	• Maintain best in class asset quality metric and ROE • ESG engagement to be taken ahead	• Scale up digital capabilities and presence. • Enhance user experience through unique and seamless processes

Wide presence/ preferred employer	Best in class processes	One Axis
• Culture of appreciation and personalisation of rewards • Enabling culture and opportunities for upsklling	• Robust risk framework • Stringent regulatory compliance • Process excellence at scale	• Corporate communication, marketing policy aligned with Axis bank • Adherence to Axis brand group guidelines.
• Pan-India presence with over 300 locations/ touchpoints • Amongst lowest attrition rates	• Enhanced processes to build scale	• Synergies resulting in financial solutions of ₹1,500 crores • CA/ SA cross sell • Synergies from common IT/Infra infosec set up
• To be an efficient employer	• Ensure no lapses across processes – Strong Product Management Committee (PMC) and Change Management Committee (CMC) • Stronger compliance testing	• Further integration of all key functions to leverage one Axis strategy

Inclusive lending

Empowering MSMEs

With 30% contribution to GDP, 40% to total exports, 45% to manufacturing output and 33% to credit deployed MSME is a critical sector for economic growth and employment generation. With a lending potential of $3 trillion by FY 24, MSME lending presents a secular growth story and we at Axis want to be a part of it.

We plan to help the MSMEs prosper through geographical expansion, manpower strengthening and introducing new products. We propose to open offices at 12 new locations in cities like Mangalore, Kochi, Hubballi, Aurangabad, Nashik, Vijaywada, Bhubanewshwar, Nagpur, Patna, Agra, Varanasi, Guwahati. The manpower augmentation will be aligned with the expansion with hiring across junior and mid levels to work under stable senior management.

Tie -up with Fintech's; Expansion in T-2 and T-3 cities.

We are actively working with Fintechs like GreyQuest, Financespeer, Edufin and others which process centrally basis end use finance across cities in India based on the school tie-ups. These partners enable us in building business model without the need to deploy on field sales resources as these are sourced by partners and processed centrally.

Bill discounting and Participation in GoI guarantee scheme

We propose to support credit flow to MSMEs by active participation in TReDS and participation in GoI Credit guarantee schemes.

Micro LAP

This is a new business that has been set up very recently to start business into smaller markets. Micro LAP helps to penetrate into small / underserved markets and provides better NIMs to business.

Board of Directors

Amitabh Chaudhry
(Chairman)

Bipin Saraf
(MD CEO)

Biju Pillai
(DMD and Whole-time director)

Deepak Maheshwari
(Non-executive director)

Pallavi Kanchan
(Independent Director)

K Narsimha Murthy
(Independent Director)

B Babu Rao
(Independent Director)

Pravin Rao
(Independent Director)

Enviornmental, Social, Governance

ESG plays a pivotal role in the organisation and is gaining due attention and recognition by all stakeholders. As an organisation, we at AFL understand that to successfully embed our/the ESG strategy and integrate it within the DNA of the organisation, we would need unwavering support from our valued stakeholders (employees, customers, investors etc.). In light of this, several steps have been taken to build awareness around the importance of sustainability amongst different levels of the workforce, including senior management and the Board members.

Our ESG efforts shall be guided by the guidelines outlined by the regulators and the National Guidelines on Responsible Business Conduct (NGRBC) published by the Ministry of Corporate Affairs towards conducting its business and operational responsibilities. The Policy is also aligned to the Global Reporting Initiative ("GRI") standards and the guidelines and the Business Responsibility and Sustainability Reporting ("BRSR") framework established by the Securities and Exchange Board of India ("SEBI"). We, at AFL, are committed to best practices and policies that serve the long-term interests of AFL and our stakeholders, and take due cognizance of the social and environmental challenges of the Group's activities.

We have commenced ESG assessment with PWC, current advisor to Axis Bank on carbon neutrality. AFL has in place an ESG Committee to drive the ESG agenda.

Our Environmental Footprint

All over the world, financial institutions are now becoming conscious of their role in promoting a low carbon economy through their investments as well as identifying the negative impact of climate change on their portfolios. AFL is also committed towards making a meaningful contribution to climate change risk mitigation through renewable energy financing, energy conservation and operational eco-efficiency initiatives. Our operations do not have a significant adverse impact on the environment due to the nature of our business. However, as responsible corporate citizens, we aim to streamline our processes and reduce our environmental impact. At present all our borrower agreements are e-signed and all our vendor payments are e-signed thus eliminating paper usage. We propose to widen our eco-friendly measures in promoting low carbon economy.

Our Business Impact – Products

As financial institutions are the torch bearers for leading change in the society, we understand our responsibility to promote and foster a lending business to address a much-needed financing gap in India's MSME'S to address social inequality and usher green lending with respect to climate change agenda. Today, green assets and socially inclusive businesses are not only climate positive but also spell incremental growth.

We will also focus on increased digitisation and innovation in our product and service offerings to improve our reach along with addressing customer needs in this ever-changing world of technology. We will ensure the highest possible safety standards for our customer data, safeguarding against all data leaks and security breaches

Our Social initiatives

Right from our valued employees, our esteemed clients, our trusted vendors to our communities, we aim to foster a strong, sound culture backed by ethics, to pro-actively embrace inclusion and diversity and inculcate inclusive growth.

Employees

All organisations depend on their capability to identify and attract the right person with the right experience, skills and cultural fit. However, it is equally important to provide the right work environment, where all employees are treated with dignity and respect and provided equal opportunities irrespective of their race, caste, color, age, gender, disability and socio-economic status etc. To ensure this, we have an Equal Employment Opportunity Policy in place to protect the rights of our employees.

Customers Rights

We pay special attention to keeping an ongoing engagement with our customers through multiple channels including our employees, surveys, social media and have dedicated channels for raising queries and grievances. We shall continue to extend the best of services to our customers and work towards reducing the time of grievances resolution, providing digital support, offering comprehensive information for the products and services and ensuring transparency and fairness in the treatment of customers.

Data Protection & Cyber Security

The increasing vulnerability of digital technologies and high degree of interconnectedness have exponentially enhanced the need for ensuring data privacy and information security. We strive to follow the industry best practices, conduct regular risk assessments and periodically test the resilience of our digital infrastructure to external threats.

Grievance Redressal

The Customer Grievance Redressal Mechanism is framed to provide best customer services and to comply with the Guidelines of Fair Practices Code prescribed by the Reserve Bank of India.

Governance

Our corporate governance framework is based on an effective and independent Board, which oversees the implementation of our strategies to ensure a sustainable future. The Board functions either as a full Board or through various committees constituted to oversee specific functions. The Senior Management provides the Board detailed reports on the Company's performance periodically.

Ethics and Corporate Governance

We, at AFL, believe that high standards of good governance combined with ethical and transparent business processes lead to greater effectiveness and efficiency, and sustainable business outcomes. We take pride in our reputation as an ethical and transparent organisation that enjoys a strong foundation of trust with its stakeholders.

Enterprise Risk Management

Enterprise Risk Management is one of the core purposes of ESG Practices described by this Policy and is instrumental to the company. In order to manage and mitigate possible risks connected with ESG Practices, a risk-based approach will be followed. The purpose of the risk-based approach is to ensure that appropriate, proportionate and adequate measures are taken to mitigate identified risks. This will ensure better strategic decision-making. Building ESG considerations into the risk framework will also help create long-term value.

Statutory Reports and Financial Statements

Director's Report

To,
The Members of
Axis Finance Limited

Your Directors take pleasure in presenting the 28th Annual Report on the business, operations and state of affairs of Axis Finance Limited the ('your Company / the Company') together with the audited financial statements of the Company for the financial year ended March 31, 2023.

Financial Performance of the Company

The highlights of the Financial Performance of the Company for the Financial Year ('FY') 2022-23 are as under:

(₹ in crores)

Particulars	FY 2022-23	FY 2021-22
Total Revenue	2,326.58	1,433.38
Total Expenditure	1,553.17	969.35
Profit/(Loss) before Taxation	773.41	464.03
Tax expenses / (Credit)	194.32	117.69
Profit/(Loss) after Taxation	579.09	346.34
Other comprehensive income	1.38	0.02
Total Comprehensive Income for the year	580.47	346.36
Balance brought forward from previous year	695.92	418.88
Profit available for appropriation		
Less: Appropriations		
- Final Equity Dividend	-	-
- Tax on Equity Dividends	-	-
- Previous Year Tax on Equity Dividends	-	-
- General Reserve	-	-
- Transfer to Statutory Reserve	115.83	69.30
Surplus carried to the Balance Sheet	**1,159.20**	**695.92**

Notes–The figures mentioned in the table above are extracted from the financials of the Company

The financial statements for the financial year under review, forming part of this Annual Report, have been prepared in accordance with IND–AS notified under Section 133 of the Companies Act, 2013 ('the Act') and the Master Direction–Non-Banking Financial Company–Systemically Important Non–Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016 ('RBI Directions') as amended from time to time.

During the financial year under review, our Company continued its focus on its lending activities in the Wholesale and Retail space and posted total income and net profit of ₹2,326.58 crores and ₹579.09 crores as against ₹1,433.38 crores and ₹346.34 crores, respectively, in the previous year.

Transfer to Reserve Funds

Pursuant to section 45-IC(1) of Reserve Bank of India ('RBI') Act, 1934, every non-banking financial company ('NBFC') is required to transfer a sum not less than 20% of its net profit every year to reserve fund. Accordingly, for the year under review, the Company has transferred an amount of ₹115.83 crores to its Reserve Fund.

Pursuant to provisions of Companies Act, 2013 (the 'Act') read with relevant rules thereunder, the Company, being an NBFC, is exempt from transferring any amount to debenture redemption reserve in respect of privately placed debentures. However, the Company maintains sufficient liquidity margin to fulfil its obligations arising out of debentures. In case of secured debentures, an asset cover of over 100% is always maintained.

Capital Adequacy Ratio

The Capital to Risk Asset Ratio (CRAR) as on March 31, 2023 stood at 20.10%.

Dividend

During the year under review, the Board had not declared any interim dividend. Further, in order to preserve capital, the Company do not recommend any final dividend for the Financial Year ended March 31, 2023. The Company had formulated a dividend distribution policy, which sets out the parameters and circumstances to be considered by the Board in determining the distribution of dividend to its shareholders and/or retaining profit earned. The said policy is available on the website of the Company and can be accessed at https://www.axisfinance.in/policies-and-standards/dividend-distribution-policy

Unclaimed Dividend

Pursuant to Sections 124 and 125 of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (“IEPF Rules”), including amendment thereto, dividend, if not claimed within seven years from the date of transfer to Unpaid Dividend Account of the Company, is liable to be transferred to the 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

Axis Finance Limited is one of the well-known NBFC in the financial services industry and holds the recognised brand name of Axis Group. The Company does its business after taking into consideration its core values and ethics

The operating and financial performance of the Company has been given in the Management Discussion and Analysis Report annexed as **Annexure 5** which forms part of this Annual Report.

Change in Nature of Business, if any

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

Share Capital

a) Authorised Share Capital

During the financial year under review, the Authorised Share Capital of the Company stood at ₹1000,00,00,000/- (Rupees One Thousand cores only) divided into 100,00,00,000 equity shares of ₹10/- each.

b) Issued and Paid-up Capital

1. Equity Share Capital:

During the financial year under review, the Company had allotted to Axis Bank Limited (Holding Company) on rights issue basis:

1. 2,69,25,625 equity shares of ₹10/- each (at a premium of ₹65/- per share) aggregating to ₹201,94,21,875/- on May 13, 2022;
2. 1,37,91,175 equity shares of ₹10/- each (at a premium of ₹66/- per share) aggregating to ₹104,81,29,300/- on July 28, 2022;
3. 1,15,84,586 equity shares of ₹10/- each (at a premium of ₹70/- per share) aggregating to ₹92,67,66,880/- on March 15, 2023.

Accordingly, as on March 31, 2023, the issued, subscribed and paid-up capital of the Company stood at ₹590,81,38,860/- (Rupees Five Hundred and Ninety crores Eighty-One lakh Thirty-Eight Thousand Eight Hundred and Sixty rupees only) divided into 59,08,13,886 (Five Nine crores Eight lakh Thirteen Thousand Eight Hundred and Eighty-Six only) shares each.

2. Preference Share Capital: No preference shares have been issued by the Company so far.

Subsidiaries / Joint Venture / Associate Companies

The Company is a wholly owned subsidiary of Axis Bank Limited (Holding Company). Further, the Company does not have any subsidiary, joint venture or associate companies. Also, the Company did not become a part of any Joint Venture during the year.

Significant Event during the year ended March 31, 2023, if any

There was no significant event of the Company during the year under review.

Deposits from Public

The Company did not hold any public deposits nor has accepted any public deposit during the year under review. Further, the Company being a Non–Banking Finance Company registered as Non–Deposit Taking Systematically Important Company, it does not accept public deposits at any point of time and also ensures the due compliance of applicable guidelines of Reserve Bank of India in this regards.

Statutory Auditors and Auditors’ Report

1. Statutory Auditors:

M/s. Singhi & Co., Chartered Accountants and M/s B. K. Khare & Co., Chartered Accountants hold office as joint Statutory Auditors of the Company for a period of three years from the conclusion of the 26th and 27th Annual General Meeting respectively till the conclusion of the 29th Annual General Meeting of the Company to be held in calendar year 2024 and 30th Annual General Meeting to be held in calendar year 2025 respectively.

The Auditors Report does not contain any qualification, reservation or adverse remark on the financial statements for the year ended March 31, 2023. The notes on financial statement referred to in the Auditor’s Report are self–explanatory and do not call for any further comments. Further, there were no fraud reported by the Auditor’s under sub-section (12) of section 143 of the Act, therefore no comment by the Board thereon is required.

2. Internal Auditors:

In terms of provisions of Section 138 of the Act and other applicable laws, Company has a structured Internal Audit Department with Mr. Farahad Mogal, heading the said department as an Internal Auditor.

3. Secretarial Auditors:

Pursuant to the provisions of section 204 of the Companies Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI Listing Regulations, the Company has appointed Mr. Virendra Bhatt, Practicing Company Secretary to conduct the secretarial audit for the financial year ended March 31, 2023.

The Report of the Secretarial Auditor in form MR-3 is annexed as **Annexure 1**. There has been no qualification, reservation, adverse remark or disclaimer given by the Secretarial Auditor in his Report for the year under review.

Corporate Social Responsibilty

The Company conducts the Corporate Social Responsibility (CSR) activities through Axis Bank Foundation. The programs / activities carried out / supported by your Company are aligned with Companies (CSR Policy) Amendment Rules, 2021 and Sustainability Development Goals (SDGs) that promote prosperity while protecting the environment.

In accordance with the provisions of Section 135 of the Companies Act, 2013 and the Corporate Social Responsibility Policy, the Company has contributed ₹6,44,53,260/- (Rupees Six crores Forty-Four lakh Fifty–Three Thousand Two Hundred and Sixty only) towards CSR expenditure in various projects stipulated under Schedule VII of the Act.

The annual report on Corporate Social Responsibility ('CSR') containing, details of CSR Policy, composition of CSR Committee, CSR projects undertaken and web-link thereto on the website of the Company, as required under Companies (Corporate Social Responsibility Policy) Rules, 2014, is set out in **Annexure 2** of this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earning / Outgo

Since the Company is engaged in financial services activities, its operations are not energy intensive nor does it require adoption of specific technology and hence provisions of Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014 are not applicable and therefore the information with respect to the conservation of energy, technology absorption is not provided in this Board's Report. The Company is however, constantly pursuing its goal of technological up-gradation in a cost-effective manner for delivering quality customer service.

Further, the particulars regarding foreign exchange earnings and outgo appear as separate item in the notes to the Financial Statements.

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 and Regulation 62(1)(k) of the SEBI Listing Regulations, the Annual Return of the Company as on March 31, 2023 in the prescribed form MGT – 7 is hosted on the website of the Company and can be accessed at https://www.axisfinance.in/investors-corner/disclosures

Directors and Key Managerial Personnel

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

As on March 31, 2023, the Board of Directors of the Company are as follows:

Sr. No	Name of the Director	DIN	Category
1.	Amitabh Chaudhry	00531120	Chairman, Non-Executive Director
2.	Bipin Kumar Saraf	06416744	Managing Director and CEO
3.	Biju Radhakrishnan Pillai	08604963	Deputy Managing Director
4.	Deepak Maheshwari	08163253	Non – Executive Director
5.	Babu Rao Busi	00425793	Independent Director
6.	U B Pravin Rao	06782450	Independent Director
7.	K Narasimha Murthy	00023046	Independent Director
8.	Pallavi Kanchan	07545615	Independent Director

The following changes in the Directors and Key managerial personnel took place during the year under review:

A. Change in Directorate

i. Appointment:

- On recommendation of Nomination and Remuneration Committee, the Board, at its meeting held on April 14, 2022, has appointed Mr. U B Pravin Rao (DIN: 06782450) as an Independent Director of the Company for the period of consecutive five years effective from April 14, 2022. Further, his appointment is also approved by the Shareholders in an Annual General Meeting held on June 06, 2022.

The Board is of the opinion that Mr. U B Pravin Rao is a person of integrity, expertise, and has competent experience to serve the Company as an independent director.

- On recommendation of Nomination and Remuneration Committee, the Board, at its meeting held on January 12, 2023, has appointed Mr. Narasimha Murthy (DIN: 00023046) as an Independent Director of the Company for the period of consecutive five years effective from January 12, 2023. Further, his appointment is also approved by the Shareholders in an Extra Ordinary General Meeting held on March 15, 2023.

The Board is of the opinion that Mr. Murthy is a person of integrity, expertise, and has competent experience to serve the Company as an independent director.

- On recommendation of Nomination and Remuneration Committee, the Board, at its meeting held on January 12, 2023, has appointed Mrs. Pallavi Kanchan (DIN: 07545615) as an Independent Director of the Company for the period of consecutive five years effective from January 12, 2023. Further, her appointment is also approved by the Shareholders in an Extra Ordinary General Meeting held on March 15, 2023.

The Board is of the opinion that Mrs. Kanchan is a person of integrity, expertise, and has competent experience to serve the Company as an independent director.

ii. Retirement:

- Mr. V.R. Kaundinya (DIN: 00043067) ceased to be a Director of the Company from the close of business hours on February 25, 2023, upon completion of his second term as an independent director.
- Mrs. Madhu Dubhashi (DIN: 00036846), ceased to be a Director of the Company from the close of business hours on February 25, 2023, upon completion of his second term as an independent director.

B. Director(s) Liable to Retire 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. Bipin Saraf, Managing Director retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

C. Key Managerial Personnel

- In terms of section 203 of the Act and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Board has appointed:

a) Mr. Bipin Saraf (DIN: 06416744) as Managing Director & CEO;

b) Mr. Biju Pillai (DIN: 08604963) as Whole–Time Director (designated as Deputy Managing Director);

c) Mr. Rajneesh Kumar (PAN: APYPK3831J) as the Company Secretary and Compliance Officer of the Company;

d) Mr. Amith Iyer (PAN: AAJPI3172J) as the Chief Financial Officer of the Company.

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

Declaration of independence and Disclosures received from Directors

The Company has received declarations from all its Independent Directors, confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. In the opinion of the Board, the Independent Directors appointed during the year under review, are persons with integrity and possess requisite experience, expertise and proficiency required under applicable laws and the policies of the Company.

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.

Performance Evaluation of Board, its Committees and Directors

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. Evaluation of performance of all Directors is undertaken annually.

The Company had appointed an independent external agency 'Potentia' to carry out the performance evaluation of the Board, its Committees and Directors for the FY 2023. Further, the evaluation of performance of Board of Directors is undertaken by the Nomination and Remuneration Committee of the Company.

Further, as per Schedule IV of the Act and provisions of SEBI Listing Regulations, the performance evaluation of independent directors has been done by the entire Board excluding the directors being evaluated, on the basis of performance and fulfilment of criteria of independence and their independence from Management. On the basis of the report of the performance evaluation, it shall be determined whether to extend or continue the term of appointment of independent director.

Based on the report issued by the external agency i.e. Potentia, performance evaluation framework of the Company is carried out as stated below:

a. NRC would approve framework of performance evaluation of the Company;

b. Board would evaluate the performance of the Independent Directors, Board as a whole and Committees of the Board;

c. Independent Directors would evaluate the performance of the Chairman of the Company after taking views of other directors, Board as a whole and Non-Independent Directors;

d. Self-evaluation of individual 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 Nomination and Remuneration Committee meeting for its consideration.

The Directors have expressed their satisfaction with the evaluation process.

Number of Meetings of the Board of Directors

Further details about the Board and Sub committees, its constitution, meetings, attendance, etc. are given in the Report on Corporate Governance enclosed as **Annexure 3**.

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 had received 1 (one) whistle blower complaint, howsoever, no adverse observation or findings were emanating from the complaint and therefore the compliant was treated as closed.

Audit Committee

During the year under review, consequent to appointment of Mr. U.B. Pravin Rao, the Audit Committee was re-constituted to induct Mr. Rao as member on April 14, 2022.

Further, consequent to retirement of Mr. V.R. Kaundinya and Mrs. Madhu Dubhashi and appointment of Mr. K Narasimha Murthy and Mrs. Pallavi Kanchan, the Audit Committee was re-constituted to replace Mr. Kaundinya and Mrs. Dubhashi with Mr. Murthy and

Mrs. Kanchan effective from January 12, 2023.

The present composition of the Committee is as follows:

Audit Committee		
Sr. No	**Name of the Director**	**Designation**
1.	Narasimha Murthy	Chairperson, Independent Director
2.	Baburao Busi	Member, Independent Director
3.	UB Pravin Rao	Member, Independent Director
4.	Pallavi Kanchan	Member, Independent Director
5.	Deepak Maheshwari	Member, Non-Executive Director

During FY 2022 –23, all recommendations of the Audit Committee were accepted by the Board.

The brief terms of reference and attendance record of members are given in the Corporate Governance Report enclosed as **Annexure 3**.

Comprehnsive Remuneration Policy and Succession Policy, Disclosure of Remuneration & Particulars of Employees

Pursuant to the guidelines issued by Reserve Bank of India ('RBI') on Compensation of Key Management Personnel ('KMP') and senior management dated 29th April 2022 and in terms of section 178 of the Companies Act, 2013, the Company divided the Nomination and Remuneration Policy as follows:

- Nomination of any of the Directors of the Company and to comply with the provisions of section 178 of the Companies Act, 2013, applicable regulations of SEBI and master directions issued by Reserve Bank of India be merged with Succession Policy of the Company; and
- Remuneration to the Directors / senior management / employees of the Company and applicable provisions / regulations of the Companies Act, 2013 and SEBI merged with the new introduced policy named as – Comprehensive Remuneration Policy.

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 Nomination and Remuneration Policy of the Company.

Particulars of Loans, Guarantees and Investments

The Company being a Non–Banking Financial Company, the disclosure regarding particulars of loans made, guarantees given and securities provided in the ordinary course of its business is exempted as per the provisions of Section 186(11) of the Companies Act, 2013. Further, during the year under review, the Company had not made any investments in terms of provisions of Section 186(1) of the Act.

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

During the year under review, all contracts / arrangements / transactions entered into by the Company during the financial year with related parties were in ordinary course of business and on arm's length basis and were in compliance with the applicable provisions of the Act and SEBI Listing Regulations. Prior omnibus approval of the Audit Committee is obtained for all related party transactions which are foreseen and of repetitive nature. Pursuant to the said omnibus approval, details of transaction entered into is also reviewed by the Audit Committee and the Board of Directors on a quarterly basis. There were no material related party transactions by the Company during the year. Further, 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.

Relevant Form (AOC–2) for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in section 188(1) of the Companies Act, 2013 is given as **Annexure 4** to this Report.

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

Secretarial Audit Report

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the rules made thereunder, the Company has appointed Mr. Virendra Bhatt, Practicing Company Secretary (ACS No: 1157; CP No:124) as the Secretarial Auditor of the Company. In compliance with the provisions of Section 204 and Regulation 24A of Listing Regulations, the Secretarial Audit Report in form no. MR–3, is annexed as Annexure 1; and forms an integral part of this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Pursuant to regulation 24A(2) of SEBI Listing Regulations, a report on secretarial compliance for FY 2022–23 has been issued by Mr. Virendra Bhatt, Practicing Company Secretary and the same will be submitted with the stock exchanges within the given timeframe.

Management Discussion & Analysis Report

The Management Discussion and Analysis Report as mandated by the RBI Directions and pursuant to the Listing Regulations is annexed as **Annexure 5**.

Risk Management Framework

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. The Company's risk appetite is articulated in a risk appetite statement which is reviewed at least quarterly by the Risk Management Committee ('RMC') of the Board.

Your Company manages risk based on Risk Management framework which lays down guidelines in identifying, assessing and managing risks that the entity is exposed to. Risk Management Committee meetings are conducted on quarterly basis to review key risks like Credit Risk, Liquidity Risk, Operational Risk and various other risks.

In accordance with the requirements under the Reserve Bank of India (RBI) guidelines, Mr. Kishore Babu Manda was appointed as Chief Risk Officer (CRO) of the Company. He is responsible for overseeing the risk function and reporting key risk events and updates to the Risk Management Committee and the Board. All the key policy and process notes of the Company are signed off by the risk team.

The Company continuously monitors its risk appetite, and the RMC as well as the Board reviews periodic risk appetite reports and analysis. The Board is also periodically informed of the business risks and the actions taken to manage them. The Board assesses management's performance, provides credible challenge, and holds management accountable for maintaining an effective risk management program and for adhering to risk management expectations. The Board carries out its risk oversight responsibilities directly and through its committees. Further, the RMC periodically reviews risk levels, portfolio composition, status of impaired credits, etc. The risk is everyone's responsibility and every team member is required to comply with applicable laws, regulations, and the Company policies. The Board holds management accountable for establishing and maintaining the right risk culture and effectively managing risk.

Compliance with Secretarial Standards

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

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, 2023, 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.

Accounting Standards followed by the Company

The Company has complied with the applicable Indian Accounting Standards (Ind-AS) notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013. The financial statements for the year have been prepared in accordance with Schedule III to the Companies Act, 2013.

Further, since Axis Bank Limited (Holding Company) still continues to report under the Indian Generally Accepted Accounting Principles (IGAAP), the Company in addition prepares financials as per IGAAP for the purpose of consolidation of accounts with the holding company.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has always believed in providing a safe and harassment free workplace for every individual working in Company's premises through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Company has in place a robust policy on prevention of sexual harassment at workplace which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Committee ('IC') has been constituted to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy and the policy is gender neutral.

IC has its presence at corporate office and one representative from each location is the member of IC.

The role of the Committee is not restricted to mere redressal of complaints but also encompasses prevention and prohibition of sexual harassment.

During the year under review, the Company conducted two trainings out of which one was held in person and second online for remote locations on POSH awareness. These trainings were conducted by Ms. Sneha Khandekar (External Member) for awareness of POSH Policy amongst all the employees of the Company.

Also, the Company has filed the following correspondence with Office of District Women and Child Development Officer as required under the Act:

Particulars	Due Date	Date of Submission
POSH Return Filing	31^{st} January 2023	27^{th} January 2023

During the year under review, no complaints with allegation of sexual harassment were filed with ICC under the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Finance

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

Credit Rating

Below are the ratings assigned as on March 31, 2023:

Sr. No	Facility / (ies)	CRISIL	INDIA Ratings	Brickwork Ratings	CARE Ratings	Amount (₹ in crores)			
						CRISIL	CARE	INDIA Rating	Brickwork
1.	Non-Convertible Debenture	CRISIL AAA / Stable	IND AAA / Stable	N.A.	CARE AAA / Stable	19,300	23,000	16,000	-
2.	Principal protected Market linked Debentures	N.A.	IND AAA / Stable	N.A.	CARE AAA / Stable	-	1,500	500	-
3.	Subordinated Debt	CRISIL AAA / Stable	IND AAA / Stable	N.A.	CARE AAA / Stable	3,500	3,500	1,500	-
4.	Perpetual Debt	CRISIL AAA / Stable	N.A.	BWR AAA / Stable	CARE AAA / Stable	1,200	2,000	-	300
5.	Long Term Bank Loan	N.A.	IND AAA / Stable	N.A.	N.A.	-	-	23,000	-
6.	Short Term Bank Loan	N.A.	IND A1+	N.A.	N.A.	-	-	2,000	-
7.	Bank Lines Long Term / Short Term	N.A.	N.A.	N.A.	CARE AAA / Stable / CARE A1+	-	10,000	-	-
8.	Commercial paper	CRISIL A1+	IND A1+	N.A.	N.A.	6,000	-	10,000	-

Compliance Monitoring & Reporting Tool

In terms of provisions of Section 134(5)(f) of the Companies Act, 2013, 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.

Internal Financial Control Systems

The Board confirms that your Company has laid down set of standards, processes and structure which ensures Internal Financial controls across the organisation 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. The internal audit plan is developed based on the risk profile of business activities of the organisation. The audit plan is approved by the Audit Committee, which regularly reviews the status of the Audit plan and performance of the Internal Audit Department and provide directions wherever required. Also, 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.

Human Resource

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

With the proposed expansion of retail finance activity, your Company has inducted significant industry talent at senior and mid-level into the organisation. Talent across diversified business processes have been inducted to strengthen the Organisation'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 1,081 employees on its payroll.

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.

In addition to the above, various pro-active activities are being carried out in your company to ensure adherence to the employee friendly and healthy work culture for example, the Company conducted Axis value survey for getting the feedback on various parameters such as Customer Centricity, Teamwork, Ownership and others, creation of email ids specifically for employees concerns / grievances, direct access to the employees to reach out to the Managing Director for any specific issue / grievances, granting of Mandatory Leaves to ensure a necessary break for employees, grant of staff housing loan at concessional rates to the employees with lesser interest rates as per the Board sanctioned scheme.

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.

Material Changes, if any, post financial year ended March 31, 2023

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

Material Adverse Orders, if any

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

Acknowledgement

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

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

On behalf of the Board of the Directors

sd/-
Amitabh Chaudhry
Chairman
DIN: 00531120

Place: Mumbai
Date: 13th April 2023

Annexure 1

Form No.: MR-3

SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2023

[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

I have conducted a Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Axis Finance Limited having CIN: U65921MH1995PLC212675 (hereinafter called "the Company") during the financial year ended 31st March, 2023, ('the financial year' / 'audit period' / 'period under review').

I have conducted the Secretarial Audit in a manner that provided me a reasonable basis for evaluating the Company's corporate conduct/statutory compliances and expressing my opinion thereon.

I am issuing this report based on:

(i) My **verification** of the books, papers, minutes, soft copies as provided by the Company and other records maintained by the Company and furnished to me, forms/ returns filed and compliance related action taken by the Company during the financial year ended 31st March, 2023 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 the Audit Committee / Board of Directors, and

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

I hereby report that in my opinion, during the audit period covering the financial year ended on 31st March, 2023 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 my letter of even date annexed to this report as **Annexure- A**.

1. Compliance with specific statutory provisions.

I further report that:

1.1. I have examined the books, papers, 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 provisions/ clauses of:

(i) The Companies Act, 2013 ("the Act") 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 Act2013 and dealing with client;

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

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

(v) 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, 2023 but before the issue of this report, the Company has, to the best of my knowledge and belief and based on the records, information, explanations and representations furnished to me:

(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.

(iii) Above to the extent applicable to Board Meetings including its committees held during the financial year, the 27th Annual General Meeting held on 06th June, 2022.

1.3. I was informed that, during the financial 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 2018;

d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

e) The Securities and Exchange Board of India (Delisting of Equity Shares)Regulations, 2021;

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 have been duly complied with:

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

b. Prevention of Money Laundering Act, 2002;

2. Board processes:

I further report that:

2.1. The Board of Directors of Company as on 31st March, 2023 comprised of:

(i) Two Executive Directors,

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

(iv) Four Non-Executive Independent Directors, namely Mr. Babu Rao Busi (DIN: 00425793), Mr. U. B. Pravin Rao (DIN: 06782450), Mr. K. Narasimha Murthy (DIN: 0023046) and Ms. Pallavi Kanchan (DIN: 07545615) who is also the Woman 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 financial year were carried out in compliance with the provisions of the Act:

(i) Appointment of Mr. U. B. Pravin Rao (DIN: 06782450) as an Additional (Independent) Director of the Company was approved at the Board Meeting held on 14th April, 2022 and the appointment was regularised at 27th Annual General Meeting held on 06th June, 2022.

(ii) Re-appointed Mr. Biju Radhakrishnan Pillai (DIN: 08604963), who retired by rotation and being eligible, offered himself for re-appointment at the 27th Annual General Meeting held on 06th June, 2022.

(iii) Designated Mr. Biju Radhakrishnan Pillai (DIN: 08604963), as Deputy Managing Director of the Company (continues to be a Whole-Time Director) at its Board meeting held on 14th April, 2022.

(iv) Re-Appointment of Mr. Biju Radhakrishnan Pillai (DIN: 08604963), as a Whole-Time Director of the Company (designated as a Deputy Managing Director) for a further period of 3 years w.e.f. 7th November, 2022 up to 6th November, 2025 at the Board Meeting held on 14th April, 2022 and the same was approved by the Members at 27th Annual General Meeting held on 06th June, 2022.

(v) Re-Appointment of Mr. Bipin Kumar Saraf (DIN: 06416744), as Managing Director and Chief Executive Officer of the Company for a further period of 3 years w.e.f. 01st April, 2022 was approved by the Members at 27th Annual General Meeting held on 06th June, 2022.

(vi) Appointment of Mr. K. Narasimha Murthy (DIN: 00023046) as an Additional (Independent) Director of the Company was approved at the Board Meeting held on 12th January, 2023 and the appointment was regularised at Extra-Ordinary General Meeting held on 15th March, 2023.

(vii) Appointment of Ms. Pallavi Kanchan (DIN: 07545615) as an Additional (Independent Woman) Director of the Company was approved at the Board Meeting held on 12th January, 2023 and the appointment was regularised at Extra-Ordinary General Meeting held on 15th March, 2023.

(viii) Mr. V. R. Kaundinya (DIN: 00043067), the Independent Director of the Company has retired from the position of Independent Director of the Company, with effect from the close of business hours on 25th February, 2023.

(ix) Mrs. Madhu Dubhashi, (DIN: 00036846), the Independent Woman Director of the Company has retired from the position of Independent Director of the Company, with effect from the close of business hours on 25th February, 2023.

2.3. Adequate notice was given to all the Directors to enable them to plan their schedule for the Meetings of the Board and its Committees.

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

2.5. Agenda and detailed notes on agenda were sent to the Directors at least seven days before the Meetings of the Board and its Committees.

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. As ystem 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. I note from the Minutes verified that, at the Board Meetings held during the financial year:

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

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

3. Compliance mechanism

There are prima facie 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.

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. M/s Singhi & Co., Chartered Accountants, Mumbai (Firm registration No.: 302049E) and M/s B. K. Khare & Co., Chartered Accountants, Mumbai (Firm registration No.: 105102W) were appointed as the Joint Statutory Auditors of the Company pursuant to the guidelines issued by the Reserve Bank of India ('RBI') vide its reference No.: DoS. CO.ARG/SEC.01/08.91.001/2021-22 dated 27th April, 2021.

2. Obtained approval from its Members at the 27th Annual General Meeting of the Company held on 06th June, 2022-

   i. Increase in Borrowing Limits upto ₹40,000 crores under Section 180(1)(c) of the Act.

   ii. to provide / furnish security to bank(s) / lender(s) / financial institution(s) / security trustee(s) for availing various credit / loan facility(ies) to which shall be within the overall borrowing limits i.e. upto ₹40,000 crores under Section 180(1)(a) of the Act.

   iii. Authorising issue of Debentures / Bonds on a private placement basis upto ₹24,000 crores.

3. Issued and allotted Secured rated listed non convertible debentures worth ₹16,996,393,835.62, Linked secured rated listed non convertible debentures worth ₹300,000,000.00 and Unsecured rated listed non convertible debentures worth ₹5,250,000,000.00 by way of private placement in different tranches and Non convertible debentures worth ₹17,379,146,190.00 redeemed during the period under review.

4. Issued and allotted 26,925,625 Equity Shares on Rights Issue basis to Axis Bank Limited on 13th May, 2022, 137,91,175 Equity Shares on Rights Issue basis to Axis Bank Limited on 28th July, 2022 and 11,584,586 Equity Shares on Right issue basis to Axis Bank Limited on 15th March, 2023.

5. Issued and allotted Listed Commercial Papers worth ₹34,050,000,000 by way of private placement in different tranches and redeemed Commercial Papers worth ₹35,750,000,000 during the period under review.

sd/-
Virendra G. Bhatt
Practicing Company Secretary
ACS No.: 1157 / COP No.: 124
Peer Review Cert. No.: 1439/2021
UDIN: A001157E000103666

Date: 13th April, 2023
Place: Mumbai

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

Annexure A

Annexure to the Secretarial Audit Report

To,
The Members,
Axis Finance Limited

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

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed such audit practices and processes as I 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, I have also considered compliance related action taken by the Company after 31st March, 2023 but before the issue of this report.
4. I have considered compliance related actions taken by the Company based on independent legal /professional opinion obtained as being in compliance with law.
5. I have verified the secretarial records furnished to me on a test basis to see whether the correct facts are reflected therein. I also examined the compliance procedures followed by the Company on a test basis. I believe that the processes and practices I followed, provides a reasonable basis for my opinion.
6. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
7. I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
8. My 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.

Virendra G. Bhatt
Practicing Company Secretary
ACS No.: 1157 / COP No.: 124
Peer Review Cert. No.: 1439/2021
UDIN: A001157E000103666

Date: 13th April, 2023
Place: Mumbai

Annexure 2

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

1. A brief outline of the Company's CSR Policy

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

2. Composition of the CSR Committee:

Sr. No	Name of the Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Pallavi Kanchan	Chairperson - Independent Director	4	-
2.	Narasimha Murthy	Member – Independent Director	4	-
3.	Deepak Maheshwari	Member, Non – Executive Director	4	4
4.	Madhu Dubhashi*	Member, Independent Director	4	4
5.	Biju Pillai	Member, Whole–Time Director	4	3

*-Ceased to be a Director w.e.f. 25th February 2023

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

4. **Provide the details of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):** N.A.

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

6. **Average net profit of the Company as per section 135(5):** ₹322,26,62,659/-

7. (a) **Two percent of average net profit of the Company as per section 135(5):** ₹6,44,53,260/

   (b) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** N.A.

   (c) **Amount required to be set off for the financial year, if any:** N.A.

   (d) **Total CSR obligation for the financial year (7a + 7b - 7c):** ₹6,44,53,260/-

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)
6,44,53,260	Nil	Nil

(b) Details of CSR amount spent against ongoing projects for the Financial Year:

1.	2.	3.	4.	5.		6.	7.	8.	9.	10.	11.	
				Location of the project							Mode of Implementation - Through Implementing Agency	
Sr. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	State	District	Project duration	Amount allocated for the project (in ₹)	Amount transferred to Unspent CSR Account for the project as per section 135(6) (in ₹)	Amount transferred to Unspent CSR Account for the project as per section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Name	CSR Registration Number
1.	Sustainable Livelihood	Enhancing vocational skills, livelihood enhancement projects	No	Madhya Pradesh	Dewas	April 2022-March 2023	22,322,941	Nil	Nil	No	Axis Bank Foundation	CSR00002350
2					West Nimar	April 2022-March 2023	1,89,74,500	Nil	Nil	No	Axis Bank Foundation	CSR00002350
3	Education & Skill Development	livelihood enhancement projects			Bhopal	April 2022-March 2023	23,71,980	Nil	Nil	No	Cerebral-palsy Association of India	CSR00007920
4	Sustainable Livelihood	Enhancing vocational skills, livelihood enhancement projects	No	Maharashtra	Amravati	April 2022-March 2023	1,45,09,912	Nil	Nil	No	Axis Bank Foundation	CSR00002350
5					Mumbai		36,45,907	Nil	Nil	No	Axis Bank Foundation	CSR00002350
6	Education & Skill Develop-ment	livelihood enhancement projects	No		Mumbai	April 2022-March 2023	25,39,520	Nil	Nil	No	Cerebral-palsy Association of India	CSR00007920

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

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

(d) Amount spent in Administrative overheads: ₹88,500/-

(e) Amount spent on Impact Assessment, if applicable: N.A.

(f) Total amount spent for the Financial Year (8b + 8c + 8d + 8e): ₹6,44,53,260/-

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

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

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

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

10. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):** N.A.

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):** N.A.

sd/-
Bipin Saraf
Managing Director & CEO

sd/-
Pallavi Kanchan
Chairman of CSR Committee

Annexure 3
Report on Corporate Governance

1. 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.

The Board fully supports and endorses the Corporate Governance practices as envisaged in the Listing Regulations.

2. RBI guidelines on Corporate Governance

In order to enable NBFC's to adopt best practices and greater transparency in their operations, RBI has in its Master Direction-Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 advised all applicable NBFCs to frame their internal guidelines on corporate governance with the approval of the Board of Directors. In pursuance of the same, the Company has framed the internal Guidelines on Corporate Governance which is placed on the website of the Company at https://www.axisfinance.in/investors-corner/corporate-governance

3. Board of Directors

The Board of Directors, along with its Committees provide leadership and guidance to the Company's Management and directs, supervises, and controls the activities of the Company. The size of the Board of the Company commensurate with its size and business operations. In addition to the governance practices, the Board lays strong emphasis on transparency, accountability, and integrity. At present, the Board strength is 8 (eight) Directors as mentioned below. There are no Nominee Directors representing any institution on the Board of the Company.

4. Key Board qualifications, skills, expertise and attributes

In the context of the Company's business and activities, the Board has identified that skills / expertise / competencies in the areas of Leadership Qualities, Business Strategic Planning, Entrepreneurship, Finance, Information Technology, Banking, Financial Services, Risk and Governance and Human Resources are needed for it to function effectively.

The Company's Board is comprised of individuals who are reputed in these skills, competence and expertise that allow them to make effective contribution to the Board and its Committees.

From time to time, Members of the Board have also received recognition from various Industry Bodies and Business Associations for the contribution made in their respective areas of expertise.

The Board is satisfied that the current composition reflects an appropriate mix of knowledge, skills, experience, diversity and competence required for it to function effectively.

5. Role of Independent Directors

Independent Directors play a key role in the decision–making process of the Board and in shaping various strategic initiatives of the Company. The Independent Directors are committed to act in what they believe is in the best interests of the Company and its stakeholders. The wide knowledge in their respective fields of expertise and best-in-class board room practices helps foster varied, unbiased, independent and experienced perspective.

The Company benefits immensely from their inputs in achieving its strategic direction. All Statutory Committees of the Board viz. Audit Committee, Risk Management Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee are chaired by Independent Directors.

Based on the disclosures received from all the Independent Directors and also in the opinion of the Board, the Independent Directors fulfil the conditions specified in the Act and the SEBI Listing Regulations and are independent of the Management.

6. Meeting of Independent Directors

The Company's Independent Directors met on February 24, 2023 in absence of Non–Independent Directors and Members of Management. At this meeting the Independent Directors reviewed the following:

1. Performance of the Chairman;
2. Performance of the Independent and Non–Independent Directors;
3. Performance of the Board as a whole and its Non–Administrative Committees.

They also assessed the quality, quantity and timeliness of flow of information between the Management and the Board.

The Chairman of the meeting of the Independent Directors presented views of the Independent Directors to the Chairman of the Company.

7. Familiarisation Programme for Independent Directors

The Company has established a Familiarisation Programme for Independent Directors. The framework together with the details of the Familiarisation Programme imparted during the financial year under review has been uploaded on the website of the Company and can be accessed at https://content-eu-4.content-cms.com/735827e6-7346-41e5-bd5a-da4569fbfe75/dxdam/e1/e1630a7b-fe80-460f 9df0722231b024c9/AFL_Familiarisation%20Program.pdf

The familiarisation programme aims to provide Independent Directors with the socio–economic environment, in which the Company operates, the business model, the operational and financial performance of the Company, to update the Independent Directors on a continuous basis on significant developments so as to enable them to take well-informed decisions in a timely manner.

During the year under review, the newly inducted Independent Directors were familiarised with the Company, its businesses and the senior management.

Periodic presentations were made at the Board meetings apprising the Board Members about the finer aspects of the Company's businesses, the challenges posed, particularly on account of the COVID-19 pandemic and an overview of future business plans.

8. Inter-se relationships among Directors

None of the Directors of the Company are inter–se related to each other.

9. Shareholding of Non-Executive Directors

The Non–Executive Directors of the Company do not hold any shares of the Company.

10. Board Meetings and Procedures

The yearly calendar for the Board / Committee meetings are fixed well in advance and are in confirmation with the availability of the Directors, so as to facilitate active and consistent participation of all Directors in the Board / Committee meetings. Minimum four pre–scheduled Board Meetings are held every year (once every quarter). Additional Board Meetings are convened to address the specific needs of the Company. In case of business exigencies or matters of urgency, resolutions are passed by circulation, as permitted by law. Video conferencing facilities are provided to enable active participation by Directors who are unable to attend the meetings in person.

The Board has unrestricted access to all Company related information. Detailed presentations are made to the Board regularly which cover operations, business performance and related details. All necessary information including but not limited to those mentioned in Part A of Schedule II to the Listing Regulations, are placed before the Board. The Members of the Board are at liberty to bring up any matter for discussions at the Board Meetings and the functioning of the Board is democratic. Members of the Senior Management team are invited to attend the Board Meetings, who provide additional inputs to the agenda items discussed by the Board.

The Company has a well-established process in place for reporting compliance status of various laws applicable to the Company. Update(s) on matters arising from previous meetings are placed at the succeeding meeting of the Board / Committees for discussions, approvals, noting, etc.

There was no instance during the financial year 2022–23, where the Board of Directors had not accepted the recommendation of any Committee of the Board which was mandatorily required.

I. Composition of the Board of the Company:

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

#-Ceased to be the Director of the Company w.e.f. February 25, 2023.
*-Appointed as an Independent Directors of the Company w.e.f. January 12, 2023.

II. Meetings held:

6 (six) meetings of the Board of Directors were held during the FY 2022–23. Necessary quorum was present at all Meetings and the gap between two Board Meetings did not exceed one hundred and twenty days.

Dates of the meetings and attendance of Directors are as follows:

Date of the Board meetings	No. of Directors present at the meeting
April 14, 2022	7
July 14, 2022	8
September 22, 2022	7
October 15, 2022	8
January 12, 2023	7
March 10 and 11, 2023	8

11. BOARD COMMITTEES

The Board Committees are set up by the Board and are governed by its terms of reference which exhibit the scope, composition, tenure, functioning and reporting parameters. The Board Committees play a crucial role in the governance structure of the Company and they deal with specific areas of concern for the Company that need a closer review. The Committees operate under the direct supervision of the Board, and Chairpersons of the respective Committees report to the Board about the deliberations and decisions taken by the Committees. The recommendations of the Committees are submitted to the Board for approval. The minutes of the meetings of all Committees of the Board are placed before the Board for noting.

Meetings of the Committees held during the year and member's attendance is presented as below:

Name of the Committee	Audit Committee	Risk Management Committee	Nomination and Remuneration Committee	Stakeholders Relationship Committee	Corporate Social Responsibility Committee	IT Strategy Committee	Committee of Directors	Annual General Meeting
Number of meetings held	8	5	3	4	4	4	11	1
Amitabh Chaudhry	-	-	-	-	-	-	-	1
Bipin Saraf	-	5	-	4	-	4	11	1
Biju Pillai	-	4	-	3	3	3	-	-
Deepak Maheshwari	8	5	3	-	4	-	11	-
Baburao Busi	8	5	-	-	-	-	11	-
U B Pravin Rao	5	-	1	2	-	2	-	-
Madhu Dubhashi*	8	5	3	-	4	-	-	-
V R Kaundinya*	8	-	3	4	3	4	-	-
Pallavi Kanchan#	1	-	-	-	-	-	-	-
K Narasimha Murthy#	1	-	-	-	-	-	-	-

*-Ceased to be a Director w.e.f. February 25, 2023
#-Appointed as an Independent Director w.e.f. January 12, 2023

a. Audit Committee

i. Constitution of the Committee

The members of the Committee possess strong accounting and financial management knowledge. The Committee meets the composition requirement pursuant to the provisions of section 177 of the Companies Act, 2013 and Regulation 18 and 21 of SEBI Listing Regulations.

The composition of the Audit Committee as on March 31, 2023 is as under:

Sr. No	Name of the Members	Designation
1.	Mrs. Madhu Dubhashi*	: Chairperson, Independent Director
2.	Mr. Narasimha Murthy#^	: Chairperson, Independent Director
3.	Mr. U.B. Pravin Rao	: Member, Independent Director
4.	Ms. Pallavi Kanchan^	: Member, Independent Director
5.	Mr. V R Kaundinya*	: Member, Independent Director
6.	Mr. Babu Rao Busi	: Member, Independent Director
7.	Mr. Deepak Maheshwari	: Member, Non-Executive Director

*-Ceased to be an Independent Director w.e.f. February 25, 2023

#-Appointed as Chairman w.e.f. February 26, 2023

^-Appointed as an Independent Director w.e.f. January 12, 2023

ii. Terms of Reference

The terms of reference of Audit Committee are aligned with the terms of reference provided under Section 177(4) of the Act, Part C and Para C of Part D of Schedule II of the Listing Regulations and as per the charter approved by the Board of the Company.

iii. Meetings Held

The Audit Committee met 8 (eight) times during the FY 2022–23 on April 13, 2022, May 18, 2022, July 06, 2022, July 14, 2022, September 21, 2022, October 14, 2022, January 12, 2023 and January 25, 2023.

The frequency of Audit Committee meetings was more than the minimum limit prescribed under applicable regulatory requirements and the gap between two Committee meetings was not more than one hundred and twenty days.

The functional / business representatives also attend the meetings periodically and provide such information and clarifications as required by the members, which provides a deeper insight into the respective business and functional areas of operations. The Internal Auditors attend the respective Audit Committee meetings, where internal audit reports are discussed.

b. Nomination & Remuneration Committee

i. Constitution of the Committee

The Nomination and Remuneration Committee ('NRC') is formed in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations.

The composition of Nomination and Remuneration Committee as on March 31, 2023 is as under:

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

*-Ceased to be an Independent Director w.e.f. February 25, 2023

#-Appointed as Chairman w.e.f. February 26, 2023

^-Appointed as an Independent Director w.e.f. January 12, 2023

ii. Terms of Reference

The terms of reference of the NRC are aligned with the terms of reference provided under section 178 of the Act and Para A of Part D of Schedule II of the SEBI Listing Regulations and as per the charter approved by the Board of the Company.

iii. Meetings Held

NRC met 3 (three) times during the FY 2022-23 on April 13, 2022, July 06, 2022 and January 11, 2023.

iv. Performance Evaluation Criteria for Independent Directors

The Performance Evaluation Criteria for Independent Directors is comprised of certain parameters like professional qualifications, experience, knowledge and competency, active participation at the Board/Committee meetings, ability to function as a team, initiative, availability and attendance at meetings, commitment and contribution to the Board and the Company, integrity, independence from the Company and other Directors and whether there is any conflict of interest, voicing of opinions freely, etc. These are in compliance with applicable laws, regulations and guidelines.

c. Stakeholders Relationship Committee

i. Constitution of the Committee

The Stakeholders Relationship Committee ('SRC') (previously known as Grievance Redressal Committee) is formed in compliance with the RBI guidelines and regulation 20 of the SEBI Listing Regulations.

The composition of the Stakeholders Relationship Committee as on March 31, 2023 is as under:

Sr. No	Name of the Members	Designation
1.	Mr. V R Kaundinya*	Chairperson, Independent Director
2.	Mr. Babu Rao Busi#	Chairperson, Independent Director
3.	Mr. U.B. Pravin Rao	Member, Independent Director
4.	Mr. Narasimha Murthy^	Member, Independent Director
5.	Mr. Biju Pillai	Member, Whole-Time Director (Deputy Managing Director)

*-Ceased to be an Independent Director w.e.f. February 25, 2023

#-Appointed as Chairman w.e.f. February 26, 2023

^-Appointed as an Independent Director w.e.f. January 12, 2023

ii. Terms of Reference

The terms of reference of SRC are aligned with the terms of reference provided under regulation 20 of the SEBI Listing Regulations, Para B of Part D of Schedule II of the SEBI Listing Regulations and as per the charter approved by the Board of the Company.

iii. Meetings Held

SRC met 4 (four) times during the FY 2022–23 on April 13, 2022, July 06, 2022, October 13, 2022 and January 11, 2023.

d. Risk Management Committee

i. Constitution of the Committee

The Risk Management Committee ('RMC') is formed in compliance with the regulation 21 of the SEBI Listing Regulations and guidelines of Reserve Bank of India on Corporate Governance.

The composition of the Risk Management Committee as on March 31, 2023 is as under:

Sr. No	Name of the Members	Designation
1.	Mr. Babu Rao Busi	Chairperson, Independent Director
2.	Mrs. Madhu Dubhashi*	Member, Independent Director
3.	Mr. Deepak Maheshwari	Member, Non-Executive Director
4.	Mr. Bipin Kumar Saraf	Member, Managing Director & CEO
5.	Mrs. Pallavi Kanchan^	Member, Independent Director

*-Ceased to be an Independent Director w.e.f. February 25, 2023

^-Appointed as Independent Director w.e.f. January 12, 2023

ii. Terms of Reference

The terms of reference of Risk Management Committee are aligned with the terms of reference provided under regulation 21 of the SEBI Listing Regulations, Para C of Part D of Schedule II of the SEBI Listing Regulations and as per the charter approved by the Board of the Company.

iii. Meetings Held

RMC met 5 (five) time during the FY 2022-23 on April 13, 2022, July 06, 2022, July 14, 2022 (Adjourned), October 13, 2022 and January 11, 2023.

e. Committee of Directors

i. Constitution of the Committee

The composition of the Committee of Directors ('COD') as on March 31, 2023 is as under:

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

ii. Terms of Reference

The Committee of Directors is formed to review loans sanctioned by Committee of Executives, which 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 and as per the charter approved by the Board of the Company.

iii. Meetings Held

COD met 8 (Eight) times during the FY 2022-23 on April 12, 2022, May 11, 2022, July 07, 2022, September 05, 2022, October 14, 2022, December 13, 2022, January 11, 2023 and January 30, 2023, March 12, 2023 and March 29, 2023.

f. Corporate Social Responsibility Committee

i. Composition of the Committee

The Corporate Social Responsibility committee is formed in compliance with the provisions of Section 135 of the Companies Act, 2013.

The composition of the Corporate Social Responsibility committee as on March 31, 2023 is as under:

Sr. No	Name of the Members	Designation
1.	Mr. Deepak Maheshwari	Member, Non-Executive Director
2.	Mrs. Pallavi Kanchan#^	Chairperson, Independent Director
3.	Mrs. Madhu Dubhashi*	Member, Independent Director
4.	Mr. Narasimha Murthy^	Member, Independent Director
5.	Mr. V R Kaundinya*	Member, Independent Director
6.	Mr. Biju Pillai	Member, Whole-Time Director (Deputy Managing Director)

*-Ceased to be an Independent Director w.e.f. February 25, 2023

#-Appointed as Chairman w.e.f. February 26, 2023

^-Appointed as an Independent Director w.e.f. January 12, 2023

ii. Terms of Reference

The terms of reference of the CSR has been aligned with the provisions of section 135 of the Companies Act, 2013, The Companies (Corporate Social Responsibility Policy) Rules, 2014 and The Companies (Accounts) Rules, 2014 and as per the charter approved by the Board of the Company.

iii. Meetings Held

CSR Committee met 4 (four) times during the FY 2022–23 on April 14, 2022, July 06, 2022, October 13, 2022 and January 11, 2023.

g. Information Technology (IT) Strategy Committee

i. Constitution of the Committee

IT Strategy Committee has been formed as per the RBI Master Directions pertaining to 'Information Technology Framework for the NBFC Sector'.

The composition of the IT Strategy Committee as on March 31, 2023 is as under:

Sr. No	Name of the Members	Designation
1.	Mr. V R Kaundinya*	Chairperson, Independent Director
2.	Mr. U.B. Pravin Rao#	Chairperson, Independent Director
3.	Mr. Narasimha Murthy^	Member, Independent Director
4.	Mr. Biju Pillai	Member, Whole–Time Director (Deputy Managing Director)
5.	Mr. Kishore Babu Manda	Member, Chief Risk Officer
6.	Mr. Ajay Shah	Member, Chief Technology Officer

*-Ceased to be an Independent Director w.e.f. February 25, 2023

#-Appointed as Chairman w.e.f. February 26, 2023

^-Appointed as an Independent Director w.e.f. January 12, 2023

ii. Terms of Reference

The terms of reference of the Committee has been aligned as per the requisite RBI Master Directions and as per the charter approved by the Board of the Company.

iii. Meetings Held

IT Strategy Committee met 4 (four) times during the FY 2022–23 on April 13, 2022, July 06, 2022, October 13, 2022 and January 11, 2023.

h. Asset Liability Management Committee

i. Constitution of the Committee

Asset Liability Management Committee ('ALCO') has been constituted in terms of RBI circular DNBS (PD).CC.No.15 /02.01 / 2000-2001 dated June 27, 2001. The composition of the Asset Liability Management Committee as on March 31, 2023 is as under:

Sr. No	Name of the Members	Designation
1.	Mr. Bipin Kumar Saraf	Chairperson, MD & CEO
2.	Mr. Biju Pillai	Member, Deputy Managing Director
3.	Mr. Kishore Babu Manda	Member, Chief Risk Officer
4.	Mr. Amith Iyer	Member, Chief Financial Officer
5.	Mr. Vishal Sharan	Member, Head – Wholesale Business

ii. Terms of the Committee

As per the RBI Guidelines on Asset Liability Management ('ALM'), the ALCO 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 the company's budget and risk management objectives and review of its functioning periodically.

iii. Meetings Held

ALCO met 12 (Twelve) times during the FY 2022–23 on April 15, 2022, May 10, 2022, June 10, 2022, July 12, 2022, August 09, 2022, September 16, 2022, October 04, 2022, November 04, 2022, December 15, 2022, January 12, 2023, February 15, 2023 and March 15, 2023.

12. REMUNERATION OF DIRECTORS

a. Remuneration to Executive Directors:

Remuneration payable to the Executive Directors is recommended by the NRC, approved by the Board and is subject to the overall limits approved by the shareholders.

The variable component of remuneration (Performance Linked Incentive) for Executive Directors are determined on the basis of several criteria including their individual performance as measured by achievement of their respective key result areas, strategic initiatives taken and being implemented, their respective roles in the organisation, fulfilment of their responsibilities and performance of the Company. This is in accordance with the Company's Nomination and Remuneration Policy of the Company.

No remuneration is paid to Non–Executive Directors of the Company during the FY 2022–23.

b. Sitting fees paid to Non–Executive, Independent Directors

Sitting fees are paid / payable to the Non–Executive, Independent Directors for the FY 2022–23 as per the terms approved by the Board of the Company.

Notes for Director's Remuneration:

a. Non-Executive Directors of the Company do not receive any sitting fees or any other remuneration.

b. The terms of appointment of Mr. Bipin Saraf and Mr. Biju Pillai, Executive Directors, as approved by shareholders, contains payment of basic salary, perquisites and allowances, and performance linked incentive in addition to total fixed pay.

c. No amount by way of loan or advance has been given by the Company to any of its Directors.

d. There was no pecuniary relationship or transactions with Non–Executive Directors vis-à-vis the Company other than sitting fees, if any, that is paid to the Non – Executive Directors.

e. The Company pays ₹1,00,000/- for Board, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Committee of Directors and ₹50,000/- for Corporate Social Responsibility Committee, IT Strategy Committee and Stakeholders Relationship Committee meetings.

13. GENERAL BODY MEETINGS

The Annual General Meeting of the Company for FY 2021–22 was held on June 6, 2022.

14. DISCLOSURES

A. RELATED PARTY DISCLOSURES

a. All transactions entered into with Related Parties in terms of provisions under the Act and Regulation 23 of the SEBI Listing Regulations during the financial year 2022–23 were undertaken in compliance with the aforesaid regulatory provisions;

b. There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company;

c. Suitable disclosures as required by the Indian Accounting Standards (IND AS 24) have been made in the standalone financial statements, which forms part of this Annual Report;

d. SEBI vide amendments to the Listing Regulations had introduced substantial changes in the related party transaction framework, *inter alia*, by enhancing the purview of the definition of related party and overall scope of transactions with related parties effective April 1, 2022 or unless otherwise specified. The Board on the recommendations of the Audit Committee approved the revised 'Policy for Related Party Transactions' to align it with the said amendments and the same is available on the website of the Company at https://content-eu-4.content-cms.com/735827e6-7346-41e5-bd5a da4569fbfe75/dxdam/98/98947df1-36a0-4ade-b1f5-4c6dc108adcd/Policy%20on%20Related%20Party%20Transactions.pdf

e. The Register of Contracts / statement of related party transactions is placed before the Board / Audit Committee regularly.

B. Details of non-compliance, penalties, strictures imposed by the Stock Exchange(s) or SEBI or any statutory authority on any matter related to capital markets during the last 3 years

There have been no instances of non–compliance or penalties, strictures imposed by the Stock Exchange(s) or SEBI or any statutory authority on any matter related to capital markets during the last 3 years on the Company.

C. Listing Fees

Listing fees for financial year 2023–24, shall be paid within the due dates to the Stock Exchanges on which the debt securities of the Company are listed.

D. Compliance with mandatory / non–mandatory requirements

a. The Company has complied with all the applicable mandatory requirements of the Listing Regulations.

b. During the year under review, there is no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure regime of financial statements with unmodified audit opinion.

15. MEANS OF COMMUNICATION

The Company recognises the importance of two–way communication with shareholders and of giving a balanced reporting of results and progress and responds to questions and issues raised in a timely and consistent manner. Shareholders seeking information may contact the Company directly throughout the year. They also have an opportunity to ask questions at the Annual General Meeting. Some of the modes of communication are mentioned below:

A. Financial Results:

The Company's quarterly / half-yearly / annual financial results are filed with the Stock Exchanges and are generally published in Business Standard (all editions) (English), within forty-eight hours of the conclusion of the Board Meeting. They are also displayed on the Company's website https://www.axisfinance.in/investors-corner/financials

B. Website:

The Company's website https://www.axisfinance.in/ contains a separate dedicated section for stakeholders, where all information and relevant policies to be provided under applicable regulatory requirements, are available in a user friendly form.

C. Annual Report:

The Annual Report containing *inter-alia* the audited financial statements, Board's Report, Auditors' Report, Corporate Governance Report and other important information is circulated to Members and others entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report. The Annual Report is also available on the website of the Company.

D. Designated exclusive email id:

The Company has designated the Email ID corporate.secretarial@axisfinance.in exclusively for investor servicing.

E. SEBI Complaints Redress System (SCORES):

A centralised web-based complaints redressal system, which serves as a centralised database of all complaints received, enables uploading of Action Taken Reports by the Company, and facilitates online filing of the complaint by the investors and subsequently viewing of actions taken on the complaint and its current status.

F. BSE Corporate Compliance & Listing Centre ('BSE Listing Centre')

BSE Listing Centre are web-based application systems for enabling corporates to undertake electronic filing of various periodic compliances, *inter-alia*, shareholding pattern, corporate governance report, results, press releases, etc. Various compliances as required / prescribed under the Listing Regulations are filed through this system.

16. GENERAL INFORMATION FOR SHAREHOLDERS

A. Company Registration Details

The Company is registered in the State of Maharashtra, India. The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is U65921MH1995PLC212675.

B. Annual General Meeting

Day, Date and Time: Tuesday, June 6, 2023 at 09:00 a.m.

C. Financial Year

The financial year of the Company starts on April 1 and ends on March 31 of next year.

D. Book Closure Period and Dividend Payment Date

During the year under review, the Board had not declared any dividend therefore, there was no requirement of Book Closure.

E. Listing on Stock Exchanges

i. Equity Shares:

Equity shares of the Company are not listed with any of the stock exchanges.

ii. Debt Securities:

Non-Convertible Debentures issued by the Company from time to time are listed on the Wholesale Debt Market Segment (WDM) of BSE.

iii. Commercial Papers:

Commercial Papers issued by the Company are listed on BSE.

F. Debenture Trustees

Catalyst Trusteeship Limited (Erstwhile GDA Trusteeship Limited)

Office No. 604, 6th floor, Windsor,

C.S.T. Road, Kalina,

Santacruz (East), Mumbai 400 098.

Fax: 022 – 49220505

Tel: +91-22-49220555

G. Contact Details for Investor Correspondence

Share Transfer Agents:

KFin Technologies Limited (formerly known as KFin Technologies Private Limited), are the Share Transfer Agents for equity shares of the Company. The contact details of KFin Technologies Limited are given below:

KFin Technologies Limited

Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda,

Hyderabad–500 032

Tel: 040-68301881

E-mail ID: unlservices@kfintech.com

Registrar & Transfer Agents:

Link Intime India Private Limited, are the Registrar and Transfer Agents for Non-Convertible Debentures of the Company. The contact details of Link Intime India Private Limited are given below:

Link Intime India Private Limited

C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400 083

Tel: +91 22 49186000

Fax: +91 22 49186060

Email: mumbai@linkintime.co.in

Contact details of the Company:

Axis House, Ground Floor, Wadia International Centre, Worli, Mumbai – 400 025

Tel: +91-22-2425 2525

Fax: +91-22-4325 3000

Email ID: corporate.secretarial@axisfinance.in

H. Share Transfer System

All activities in relation to both physical share transfer facility (includes transmission / splitting and consolidation of share certificates / dematerialisation / rematerialisation) is processed periodically by the Registrar & Share Transfer Agent (RTA) of the Company. In case of shares held in electronic form, the transfers are processed by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through their respective Depository Participants.

I. Distribution of Shareholding by size and shareholding pattern as on March 31, 2023

The Company is a wholly owned subsidiary of Axis Bank Limited (ABL) which holds 590,81,38,860 equity shares of the Company, along with its nominees.

J. Dematerialisation of shares

As on March 31, 2023, 590,81,38,860 equity shares (100% of the total number of shares) are in dematerialised form.

K. Outstanding GDRs / ADRs / Warrants or any Convertible instruments conversion date and likely impact on Equity

The Company has not issued any GDRs / ADRs / Warrants or any Convertible instruments during the financial year under review and the Company has no outstanding GDRs / ADRs / Warrants or any Convertible instruments.

L. Plant Locations

As the Company is engaged in the business of financial services, there is no plant location as such.

M. Disclosures with respect to the Demat Suspense Account / Unclaimed Suspense Account

There are no outstanding shares in Demat Suspense Account / Unclaimed Suspense Account as on March 31, 2023 of the Company.

17. CODE OF CONDUCT

The Board has laid down a Code of Conduct and Ethics for the Board Members and Senior Management Personnel of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for financial year 2022–23. Requisite declaration signed by Mr. Bipin Saraf, MD & CEO has been obtained by the Company.

18. CODE FOR PREVENTION OF INSIDER TRADING

The Company has adopted the revised Code of Conduct to regulate, monitor and report trading by designated persons in securities of the Company and code of practices and procedures for fair disclosures of unpublished price sensitive information in terms of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.

On behalf of the Board of the Directors

Sd/-
Amitabh Chaudhry
Chairman
DIN: 00531120

Place: Mumbai
Date: April 13, 2023

Annexure 4

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

Sr. No	Particulars	Remarks
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 aength basis

Sr. No	Particulars	Remarks
a)	Name (s) of the related party and nature of relationship	: Axis Bank Limited
b)	Nature of contracts/arrangements/transactions	1. Rent Paid
		2. Bank Charges
		3. TREPS Charges
		4. Current Account Balance
		5. Fixed Deposit Accounts
		6. LOC Account Balance
		7. Capital Infusion
		8. OPE Reimbursement
		9. Demat A/c Charges
		10. NACH Charges
		11. IPA Commission Charges Paid
		12. Service Charges Other (IT Service Fees)
		13. NCD Issue Expenses (Arrangership Fees)
		14. Interest Paid on WCDL & OD
		15. Axis Bank WCDL & OD
		16. Interest on Fixed Deposits
		17. Consideration received from ABL (Loan account sell down)
		18. Processing Fees received
		19. Non - Convertible Debentures
		20. Royalty Charges
		21. Interest Paid on NCD
		22. Other Reimbursement – (Group Term Life Premium)
		23. ESOP Cost
		24. Future Service Gratuity Premium
c)	Duration of the contracts / arrangements / transactions	: Continuous
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	: Refer Financial statements
e)	Date(s) of approval by the Board	: Transaction at arm's length and in ordinary course of business
f)	Amount paid as advances, if any	: Nil

III. Details of material Contracts or arrangement or transactions at arm's length basis

Sr. No	Particulars	Remarks
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	: 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

Sr. No	Particulars	Remarks
a)	Name (s) of the related party and nature of relationship	: Axis Trustee Services Limited
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	: Transaction at arm's length and in ordinary course of business
f)	Amount paid as advances, if any	: Nil

V. Details of material contracts or arrangement or aransactions at arm's length basis

Sr. No	Particulars	Remarks
a)	Name (s) of the related party and nature of relationship	: Free Charge Payments Technologies Private Limited
b)	Nature of contracts/arrangements/transactions	: Subscription Expense
c)	Duration of the contracts / arrangements / transactions	: Continuous
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	: Refer Financial statements
e)	Date(s) of approval by the Board	: Transaction at arm's length and in ordinary course of business
f)	Amount paid as advances, if any	: Nil

For and on behalf of Board of Directors

Sd/-
Amitabh Chaudhry
Chairman
DIN: 00531120

Place: Mumbai
Date: 13th April 2023

Annexure 5
Management Discussion and Analysis

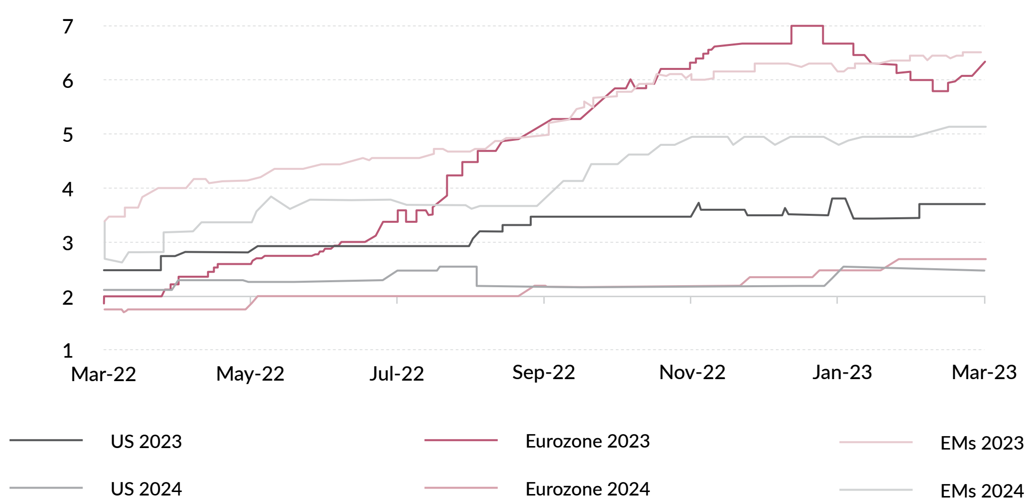
Economic Overview

Global economy

Macro-Economic Environment

FY 2023 began with the growing realisation globally of inflation not being as transitory as hoped for, leading to the start of an aggressive round of rate hikes. In short order, this has led to monetary tightening across economies to levels not seen since before the 2008 Global Financial Crisis. Bottlenecks to supplies of energy into Europe ahead of the winter coupled with the hikes to lead to projections of a deep recession globally - though growth actually proved to be resilient to these headwinds, and inflation prints decelerated at a much milder pace than anticipated.

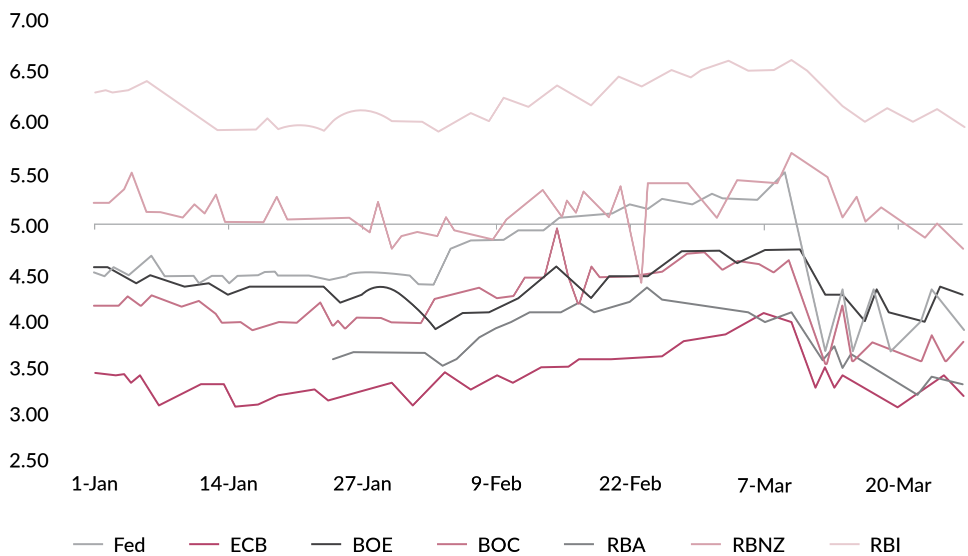
Chart 1: Evolution of composite expected inflation in major markets



Source: Axis Bank Economic Research Wing

These conditions led to debates around over-tightening, given the relatively quick hike to rates without allowing adequate time for transmission. Sure enough, the emergence of stresses in the banking sector in the US and Europe was seen as a sign of this over tightening, with the potential to cause a break, rather than a slowing of growth momentum. At the time of writing, it appears likely that these stresses will be managed through non-monetary policy means, but the developments will likely have imbued an element of caution into the tightening cycle for now. Significantly, current market pricing indicates reversal of rate hikes in the current calendar year.

Chart 2: Expected central bank key rate by Dec'23 – Note the rapid downgrading of expectations

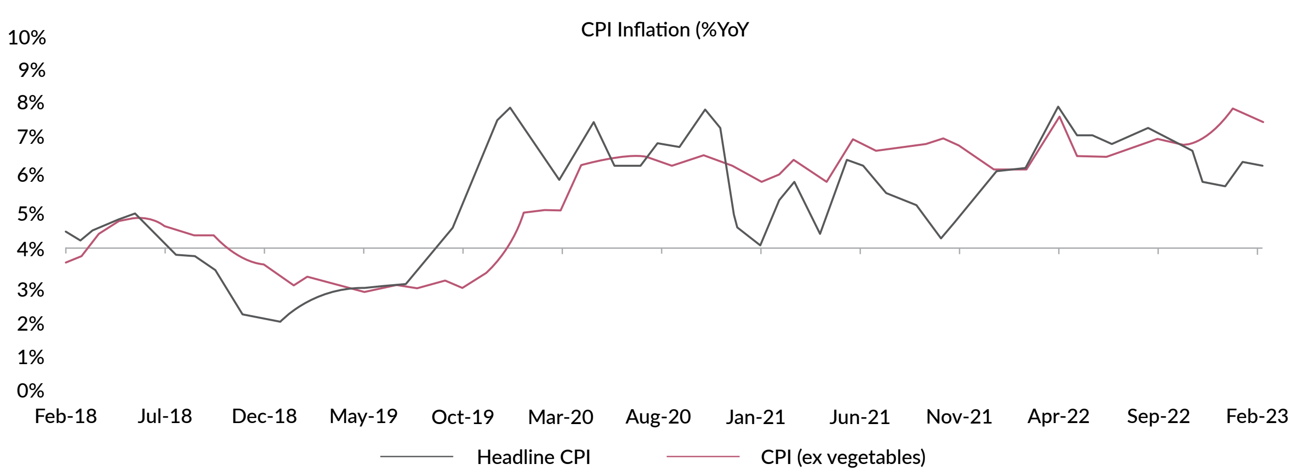


Source: Axis Bank Economic Research Wing

The year also saw rapid removal of zero-COVID restrictions in China, resulting initially in a large spike in infections, but then recovery in mobility. Private sector consumption and investment activity remained muted however, leading the government to announce stimulus - these are seen in recent investment and credit data. Over the longer term, the authorities are likely looking to boost domestic consumption, which has limited the industrial easing in terms of rate cuts and directed credit, as well as in terms of demand for commodities. The Ukraine war has continued over the year, but dislocations in grain, edible oil and other markets appear to have eased dramatically.

On the India front too, inflation has remained higher than expected, with growth 'resilient' - while readings on GDP might be somewhat muted owing to base effects, high frequency indicators show activity carrying on moderately, with a strong focus in services. The strength of demand has been resilient to monetary tightening domestically too, though transmission to banking has not yet fully completed. While this makes further tightening on the India front likely as well, the situation around the current account has improved dramatically, with high services inflows pushing Q4 towards a current account surplus.

Chart 3: India CPI inflation after removing vegetables - numbers have been beyond the comfort zone longer than expected

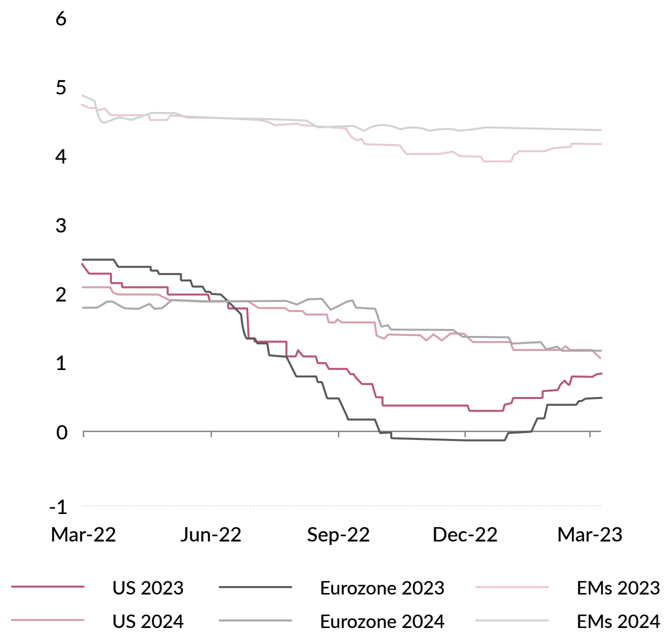


Source: Axis Bank Economic Research Wing

Outlook for fiscal 2024

Global growth conditions appear likely to persist, even if with somewhat slowing momentum, as long as banking stress does not precipitate into a major shock. Other shocks of tech sector layoffs, etc. have been absorbed well by the system. Conditions going ahead are likely to be shaped by the confluence of country wise political and policy direction, including on the fiscal front. The policy mix will also be exposed to developments in thinking on the geo-strategic side, with localisation or friend-shoring of supply chains and increase in trade barriers elsewhere a likelihood. These trends can support local (not global) growth and inflation, even at high interest rates.

Chart 4: Evolution of composite expected GDP growth in major markets



Source: Axis Bank Economic Research Wing

Indian Economy

Review

Despite facing several global headwinds, the Indian economy has been a story of incredible resilience and structural strength, driven by robust private consumption, and resumption of a public sector-led capex cycle to 'crowd in' private investments. Further, strengthening corporate balance sheets, along with sector-specific government initiatives like Production Linked Incentive (PLI) to boost manufacturing across 15 sectors, PM Gati Shakti, credit guarantee programme for SMEs, and greater infrastructure spending bodes well for India's long-term growth prospects.

Outlook

The Indian economy is also likely to continue to expand at a moderate pace going ahead, though headwinds related to weather disruptions are now beginning to be seen. Momentum can be expected to be slowed by monetary tightening and the fiscal glide path, but the driving focus on capex will likely continue to support here. Developments on the current account front, dovetailing with those on the INR and levels of FX reserves will likely remain in focus going ahead.

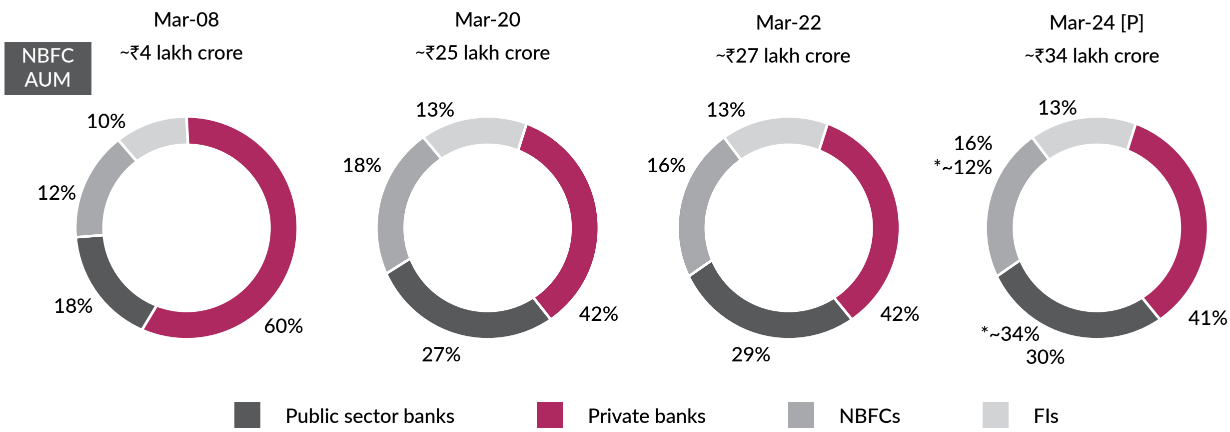
According to the Economic Survey of 2022-23, the Indian economy to expected grow at 6-6.8% in FY 2024, driven by fresh credit cycle in the economy, gains from greater formalisation, higher financial inclusion and digital technology-based economic reforms. It also predicts that India will be the world's fastest growing major economy between 2021 and 2024. The Union Budget 2023-24 announced capital expenditure of ₹10 lakh crores, a whopping increase of 37% over previous year's outlay, which would have a multiplier effect on the economy.

Source: Economic Survey 2022-23

Industry Overview

NBFCs along with banks and financial institutions are one of the important pillars of Indian financial ecosystem. After sailing through challenging times over last few years exacerbated by the pandemic the sector has now started seeing the silver lining. NBFCs have improved asset quality, capital position, and collection efficiency and profitability and are now well-positioned to capitalise on growth opportunities. The AUMs of NBFCs have increased exponentially from ₹3.6 lakh crores in fiscal 2008 to ~aggregate outstanding amount at ₹31.5 lakh crores as of September 2022. In FY22, they amounted to 16% of total credit in India. At 40%-45% housing finance loans are the largest component of NBFC loans followed by vehicle loans that form 20%-25% of the loans extended.

Chart 5: Share of NBFC in overall credit



Note: Total AUM in the financial sector; bank credit is of scheduled commercial banks and excludes exposure to financial sector. NBFCs include HFCs, but exclude government-owned NBFCs. Private banks include foreign banks and SFBs. FIs include all-India financial institutions + government-owned NBFCs

Note: Numbers with *represent share of the segment factoring in the proposed merger of a large HFC with a private bank

[2]Including HFCs, but excluding government-owned NBFCs

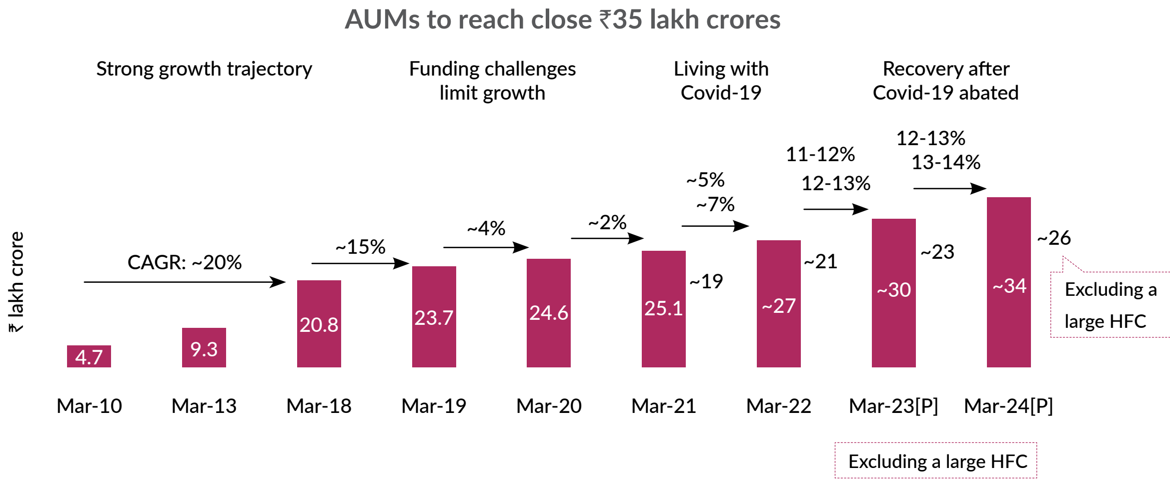
The Economic Survey recognises importance of NBFCs and forecasts the "financial system to play a key role in realising objectives of Amrit Kaal – ushering a virtuous investment cycle backed by healthy balance sheet of banks, stronger capital base of NBFCs and robust growth in Assets under Management (AUM) of domestic mutual funds."

As per the Economic Survey, the NBFCs have improved their asset quality substantially as evident from the decline in GNPA ratio of NBFCs from the peak of 7.2% during the second wave of the pandemic (June 2021) to 5.9% in September 2022, reaching close to the pre-pandemic level. The Government realises importance of NBFCs and has launched a new credit guarantee scheme that is intended to reduce lending costs by 1% and provide MSMEs with an additional ₹2 trillion in collateral-free loan guarantees.

Outlook

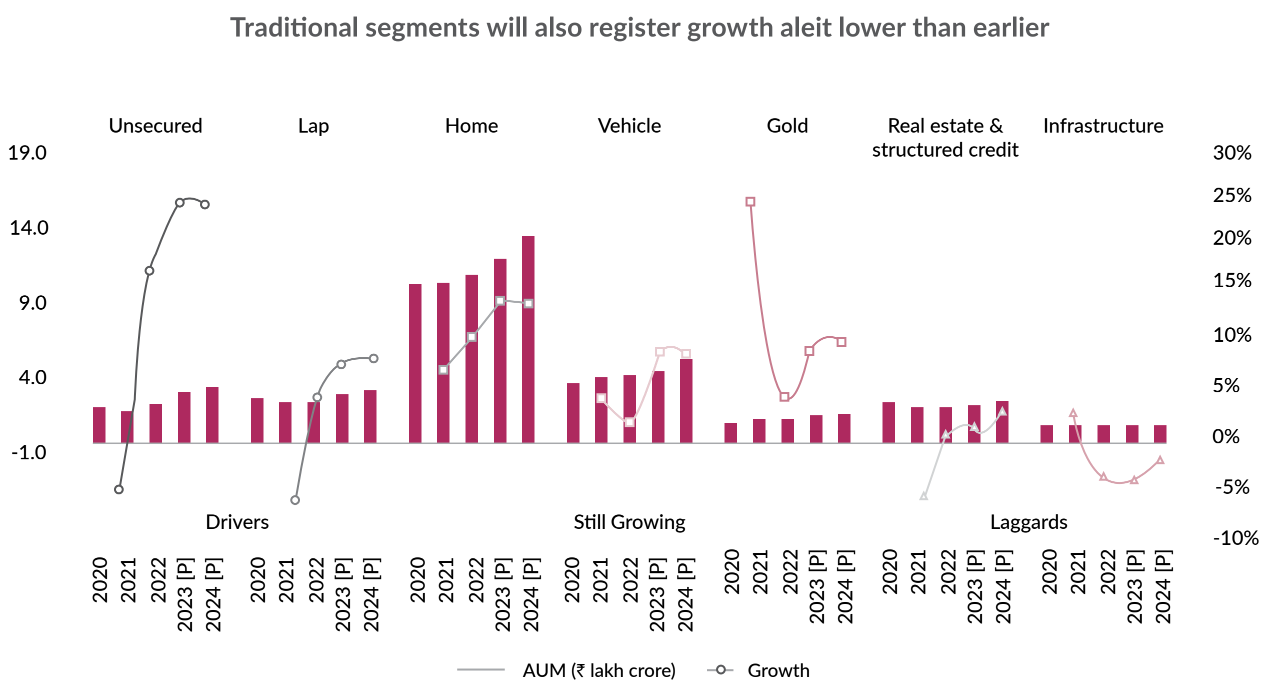
According to CRISIL report – NBFC: Gearing up for growth, assets under management (AUM) of the NBFC sector are expected to grow 12%-13% in this fiscal. Additionally, NBFCs are realigning their portfolio strategies by shifting focus towards non-traditional asset classes like unsecured loans; micro, small and medium enterprise (MSME) finance; and used vehicle finance which are expected to post higher growth and have a better risk returns profile.

Chart 6: AUM Growth



Source: CRISIL Ratings

Chart 7: AUM Growth led by the segments



P: Projected

Source: CRISIL Ratings estimates

Larger players entering into partnerships with smaller players to improve penetration in niche segments, co-lending with digital lenders and fee-based models are some symbiotic models that characterise the new lending landscape for the NBFCs. Digitalisation, the use of unconventional data and analytics are gaining traction, which will benefit the sector in terms of asset quality improvement as well as growth.

Strong economic growth including MSME are the tailwinds while increase in borrowing cost and competition from banks are headwinds that the sector might face.

Regulatory changes in NBFC sector

As per RBI's circular on Scale Based Regulation: A Revised Regulatory Framework for NBFCs dated October 22, 2021, regulatory structure for NBFCs comprises of four layers based on their size, activity and perceived riskiness viz. NBFC - Base Layer (NBFC-BL), NBFC - Middle Layer (NBFC-ML), NBFC - Upper Layer (NBFC-UL) and NBFC - Top Layer (NBFC-TL). The framework also envisages that top ten NBFCs in terms of their asset size shall always reside in the Upper Layer.

RBI vide its press release dated September 30, 2022 has identified 16 NBFCs for categorisation under Upper Layer based on a set of parameters and scoring methodology. The Company has not been categorised as NBFC-Upper Layer in the said list. By virtue of being a non-deposit taking NBFC with asset size of ₹1000 crores & above, the Company therefore gets categorised as NBFC-Middle Layer under the Scale Based Regulation.

Compliance Function and Role of Chief Compliance Officer (CCO) – NBFCs

RBI vide its circular dated April 11, 2022 introduced certain principles, standards and procedures for Compliance Function, keeping in view the principles of proportionality. The circular stipulated NBFCs in the Middle Layer and Upper Layer, inter-alia, to appoint a CCO by October 1, 2023. The Company has appointed a senior executive as the Chief Compliance Officer.

Prompt Corrective Action (PCA) Framework

RBI had announced a Prompt Corrective Action Framework for NBFCs on December 14, 2021 akin to banks. The said framework enables RBI to initiate structured action in respect of NBFCs which have hit the trigger points, wherever required, to initiate and implement remedial measures in a timely manner with a view to restore the financial health of respective NBFCs and is effective from October 1, 2022.

Capital and Asset Quality shall be the key areas for monitoring under the PCA Framework. AFL has not breached any of the risk thresholds on CRAR, Tier I Capital Ratio and NNPA Ratio.

Business Overview

Axis Finance Limited (AFL) is a non-deposit taking Non-Banking Financial Company (NBFC), offering customised solutions across Retail, Emerging Corporates (MSMEs) and Wholesale segments. We are a uniquely positioned "Universal NBFC" catering to all customer segments with a Pan-India footprint.

FY 2022-23 has been an eventful year witnessing bounce-back of economic activity owing to the relief provided by receding COVID-19 but was partially offset by global headwinds wherein soaring inflation and continuous interest rate hikes remained a concern. However, despite the macro challenges and intense competitive landscape, AFL has made a remarkable Y-o-Y growth of 47% in its AUM.

Fiscal year 2023 was a landmark year for Axis Finance, marking its 10^{th} anniversary. We started our journey in 2013 with a manpower of 20 employees in 7 centres and a limited set of product offerings which were more concentrated towards LAS (Loan Against Shares) and RE (Real Estate Funding). Since then, the company has grown and evolved while aligning its strategies to keep up/mitigate/surpass market dynamics as well as implementing stringent credit discipline measures with significant focus on asset quality. The company started with wholesale lending but has now diversified with a more granular and stable portfolio after introduction of retail segment in FY20 and emerging corporate segment in FY 2022.

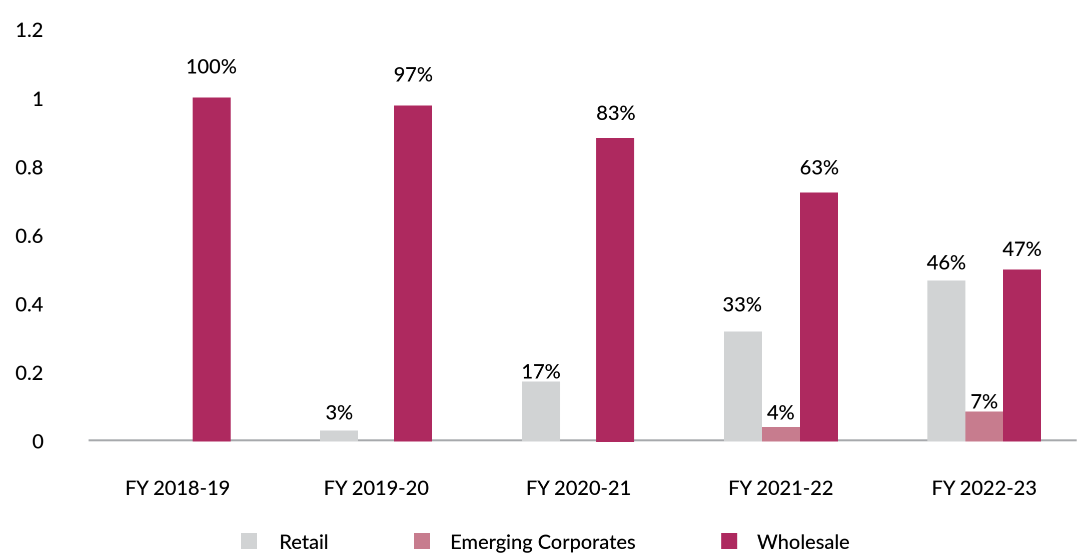
We have diversified offerings across the value chain by leveraging Axis Group eco-system through the Bank and all its other subsidiaries. Our endeavour is to scale-up the "One Axis" Synergies further with the objective of offering one stop solution to clients.

Our growth journey for Fiscal Year 2023 has followed the Axis Group theme of Growth, Profitability and Sustainability (GPS) that is supported by the One-Axis Ecosystem. Going forward, our strategies for the upcoming years will also be drafted in line with the GPS theme.

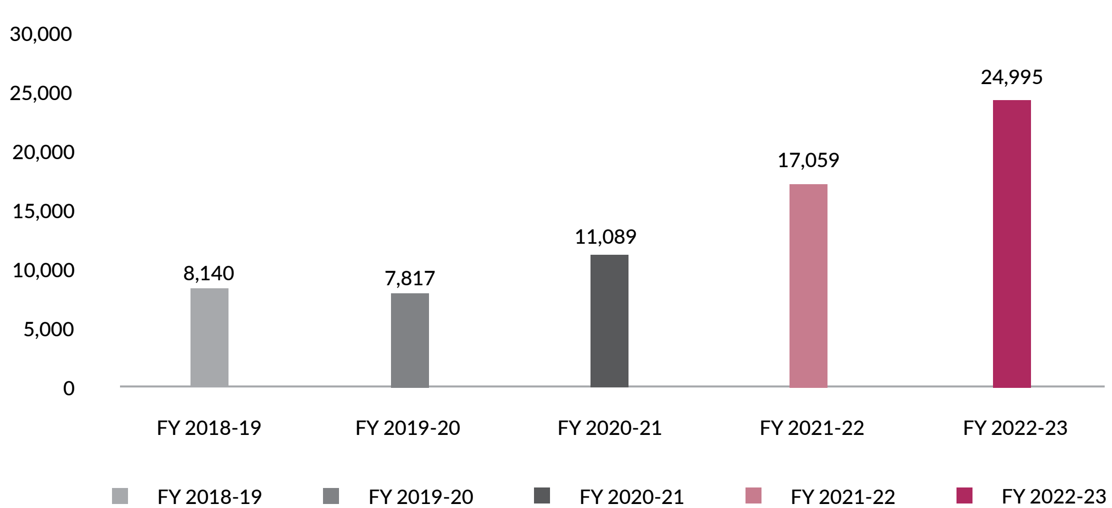
- **Growth:** continue to grow a diversified and granular book aided by geographic expansion and manpower augmentation guided by macro-economic indicators like sector-wise credit deployment outlook, MSME credit offtake, population trend, GDP contributors etc.
- **Profitability:** accretion of profitability and return ratios via recalibration/optimisation of book mix in term of rating, sector as well as size of borrower group.
- **Sustainability:** focus on growth with credit discipline to maintain asset quality metrics and bring more process automation measures by new digitalisation initiatives.

Our strategies and measures have aided in sustainable growth of the Book to an AUM of ₹24,995 crores as of 31st March 2023 with a manpower of 1000+ employees spread across 32 branches catering to approximately 90,000 customers and a diversified portfolio of products offering customised financial solutions in Retail, Emerging Markets/ MSME and Wholesale verticals.

AUM Contribution of different segments over the years:

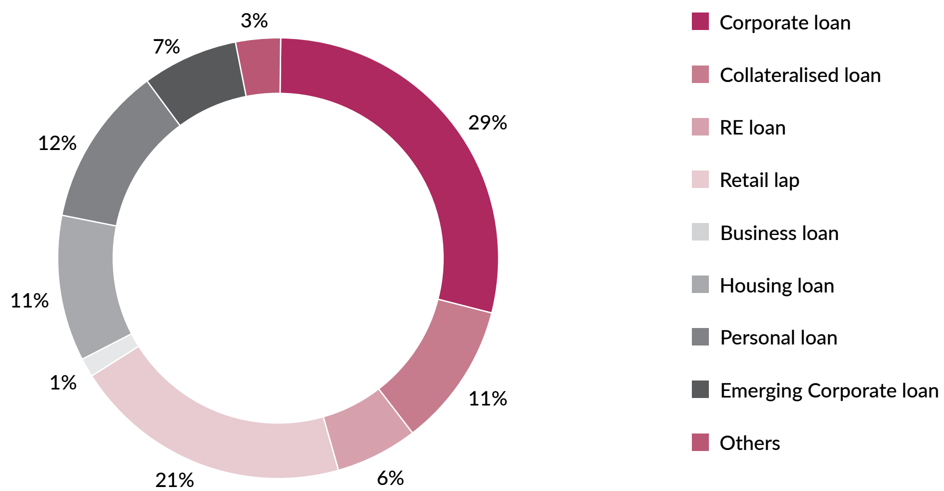


Assest Under Management



Retail Segment	Emerging Segment	Wholesale Segment
• Wide range of solutions to salaried/ self-employed MSMEs and professionals catering to personal and business requirements • Loan against property • Loans for purchase of commercial property • Business loans • Personal loans • Housing loans • School fee finance	• Tailor-made solutions (secured smaller ticket loans meeting the growth capital requirements of MSMEs/ Emerging Corporates) • Lease Rental Discounting (LRD) and Loan Against Property (LAP)	• Corporate Loans • Collateralised Loans (secured loans against a variety of asset classes with an identified cash-flow – LRDs, Hospital, School, Hotel Funding etc.) • Real Estate Loans (predominantly inventory funding, selective Last Mile and Construction funding basis developer profile

Diversified Loan Portfolio (basis AUM)



Segment–wise Review

Wholesale Segment

Our Wholesale business has created an identity for itself over years and is well respected by corporate India and peer lenders alike. Not only has the segment strategically evolved over the course of the last decade to overcome all hurdles posed by the macro-economic and regulatory elements, but has also clocked one of the fastest growths in the NBFC Industry on a Year-on-Year basis consistently.

The product offerings under the segment has also grown significantly and now encompasses a wide and diverse range to provide customised solutions for all financing requirements which is further aided by the “One Axis” eco-system. We continued to leverage on the “One Axis” strengths provided by the Axis Group (Bank and its varied subsidiaries with a comprehensive portfolio of product and service offerings across the financial value chain).

1. **Corporate Loans:** Our Corporate loan portfolio comprises the largest share within the wholesale segment encompassing varied tenure (from 3 months to 10 years) loan facilities to all sizes of corporates (strategic conglomerates, large and mid-sized corporates) diversified across 25+ sectors. ~82% of incremental corporate loan disbursements made in FY 2023 were in the A- & above rating category corporates.

2. **Collateralised loans:** Collateralised loans comprise secured loans against a variety of asset classes (ready commercial properties, schools, hospitals, hotels etc) with an identified cash-flow (rent, dividend, royalty, fee, dedicated business revenue). Said cashflows may exist or begin in the near future backed by a legal contract. With stabilisation of COVID-19 impacts and steady recovery towards pre-pandemic era, we made additions to our school funding portfolio and selectively started exploring hotel funding as well during the course of FY23. The portfolio continues to perform well with Nil delinquencies in FY 2023.

3. **Real Estate:** The RE portfolio largely entails inventory funding (completed and nearing completion projects comprise 90% of FY23 closing RE Book) in select Metro and Tier 1 cities resulting into a very high churning ratio. ~80% of total repayments in RE comprise accelerated repayments (prepayments). With the uptick in the sector, we are making selective and strategic additions to widen our offerings within the sector as well as expand geographic focus.

Despite the macro challenges and intense competitive landscape posed by the FY 2023, the growth consistency continued during the year wherein the Wholesale segment made disbursements to the tune of ₹8,697 crores (representing ~81% of the Opening AUM) due to its high churning nature. Consequently, Asset under Finance grew to ₹11,774 crores.

The Wholesale book continues to remain diversified with an exposure to 25+ sectors, wherein the secured lending segment accounted for ~91% of the total Wholesale AUF. >75% of the total Corporate Book comprised of assets in the A- and above rating category.

11,774 crores

Loan Book

91%

Proportion of secured Loan Book

75%

Proportion of Corporate loan book rated A- and above

The Asset Quality metrics continue to remain robust given dedicated focus and efforts towards recovery of the stage 3 asset pool backed by aggressive legal strategies during the course of Fiscal Year 2023. Furthermore, multiple digitisation and automation initiatives were undertaken to strengthen process standardisation and reduce TAT, including the operationalisation of the LMS system and activation of various analytical and monitoring tools.

Emerging Corporates

The MSME sector contributes ~30% to the GDP, comprises 45% of the manufacturing output of the country and constitutes 40% of total exports. The Economic Survey 2022-23 entails the astounding and quick recovery in the MSME sector in the post COVID era reflecting the financial resilience of small businesses. The credit growth to the MSME sector has been remarkably high, over 30.5% (on average during Jan-Nov 2022) supported by the extended ECLGS of the Central Government posing its immense potential.

To explore the vast opportunity landscape in MSME lending space and also bring better granularity and stability in our book, AFL started “Emerging Corporates” business in September 2021. This segment focuses on smaller ticket loans, specifically targeted to MSMEs, especially in non-metro markets. In an effective span of 18 months, it has established a presence in 25+ cities and made a cumulative disbursement of ~₹1,900+ crore with an impeccable asset quality as demonstrated by 100% collection efficiency and Nil delinquency in its book.

The segment recorded an AUM of ₹1,700 crore as of 31st March 2023 making disbursements of ₹1,193 crore during the Fiscal Year 2023. EM Book is 100% secured.

1,700 crores

Loan Book

1,193 crores

Disbursements

100%

Secured asset base

Outlook for Wholesale and Emerging Corporates

AFL will continue to strengthen its core book. Keeping in line with our ethos of granular and diverse growth, we propose to integrate our Wholesale and Emerging Corporates division to make one unified coverage team which will focus on significant scaling up of Emerging Corporates while retaining and further scaling up the competitive scaling up of our competitive edge in the existing Wholesale segment. Wholesale and Emerging corporates will collectively be referred to as the Corporate Banking Segment.

Asset Quality will continue to remain a key focus area as will Operationalisation of digitisation and automation measures that are already underway including addition of other advanced analytical tools.

Retail segment

Post adding retail segment to our portfolio in FY 2020, Retail book has shown staggering growth of 195% CAGR over past 3 years, more than 2x increase in customers acquired enabled by tech led processes to build scale while maintaining the best in the class asset quality.

9,495 crores

Loan Book

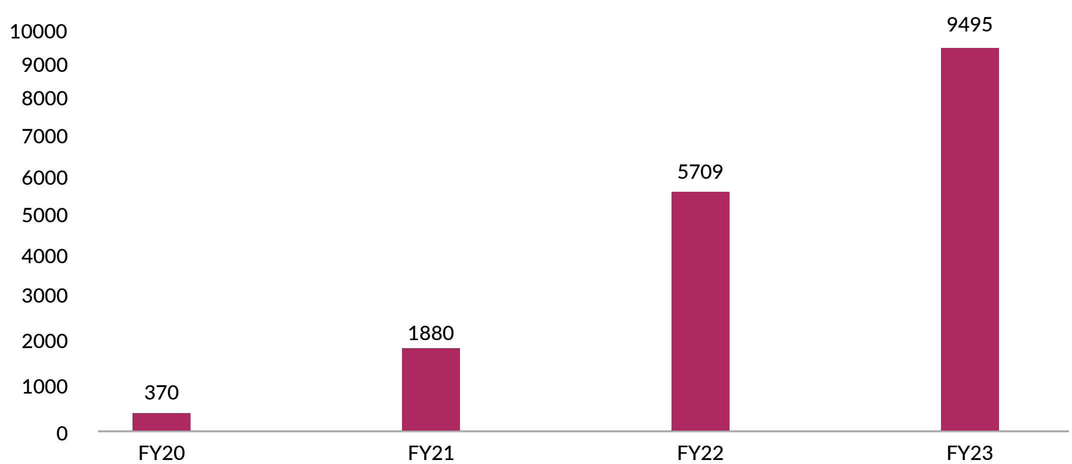
195%

CAGR in retail loans since FY 2019-20

70%

Proportion of secured loan book Secured asset base

Loan Book (₹ in crores)



The Company has over the last couple of years built a strong Retail franchise that continues to be one of the key driver of the overall business strategy. The Company's focused customer-centric approach, strong and differentiated product offerings, along with its wide distribution network remain the core pillars through which it continues to serve the financial needs and aspirations of its customers.

The Retail lending segment provides a bouquet of products led by Loan Against Property, Housing Loan, Personal Loan and Business Loan.

1. **Loan against property (LAP):** LAP include loan up to ₹5 crores and tenure up to 20 years against longest range of properties. These loans are offered through digital processes to people with or without formal incomes at attractive interest rates. We offer balance transfer or top up facility on these loans.

2. **Home loans:** The Company offer loans up to ₹10 crores for purchase of apartment, residential plot, construction of new house, renovation/extension of existing house. The tenure of this loan ranges up to 30 years. Clubbing of multiple properties under housing loan is an added advantage given by the Company. Additionally, we do various income and non-income assessment for deciding the eligibility.

3. **Personal loans:** The Company offers loans through seamless digital delivery, which ranges up to ₹50 lacs with tenure of up to 84 months. The top up facility against these loans is also offered by the Company. No part-payment charges are applicable after 1st EMI. The Company facilitates balance transfers on outstanding personal loans and credit cards.

4. **Business loans:** These are collateral free loans with faster TAT and attractive interest rates. The loans range up to ₹50 lacs and tenure of up to 48 months which enables the businesses to meet short as well as long term financial needs.

The Company would like to share that the retail book grew approximately 2x Y-o-Y and retail mix was up from 33% Y-o-Y to 41% in FY22-23. On the disbursements front, the Retail lending segment delivered strong numbers with gross disbursements of ₹8,019 crores in FY 2023 representing a 98% of Y-o-Y growth. The business strategy continued to revolve around achieving higher growth in the secured lending business through its distribution channels. The Company continues to invest in digital transformation of its existing processes with a view to enhance product delivery and customer experience. With a view to enhance and deepen our relationships with the markets, the Company entered into direct assignment transactions with banks and NBFCs starting this FY 2023.

We are looking to grow through strategic alliances and partnerships. This includes alternate channels especially digital partnerships and business generation without adding to AFL manpower, tying up with NBFCs who are present in the areas where AFL is not present and diversification of risk through end use based financing like school fees, upskilling tourism, marriage and more. We have 7 active partnerships for unsecured digital lending and 4 active partnerships for secured lending. We see infinite possibilities with lower rated NBFCs where we can enter into an interest sharing model. For co-lending we intend to work with PSU banks on the 80:20 model, where we have a lower share.

We have formed a 4 member team to oversee Central Marketing function. There is an annual marketing plan in place with calendarised activity schedule. The plan includes digital collaterals, ground activities as well as brand awareness campaigns. During the year we released 400+ communications reaching 50 lakh advertisement viewers and engaging 10,000 potential customers.

Digital Transformation

All core and critical digital systems are in place now for Axis Finance and the franchise continues its focus on process improvements with a view to improve the productivity, employee performance and customer service. Our current aim is to build the system for scale to manage ₹10 lac customers and 3,000 concurrent users. In the next year, we will create deeper integration and build APIs for external integration. We have consistently focused on delivering high value to our customers by improving the customer experience at every stage of their journey, from on-boarding to exit.

Outlook for Retail

AFL will strengthen its retail franchise by increasing its presence in more granular towns & cities & open up branches at select locations to increase customer visibility & reach. People & systems are in place & leveraging One-Axis synergies will help scale up the size of the retail business in the upcoming financial year. The potential in the market remains huge with India becoming the most populous country & retail credit penetration still lacking compared to more developed countries

Asset quality will be of pristine importance & the quality of the book & its features will continue to be sought after by our partner banks & financial institutions via direct assignments / securitisation transactions as seen in financial year 2023.

Credit Rating

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

Facility	CRISIL	India Ratings	Brickwork ratings	CARE Ratings
Non-Convertible Debenture	CRISIL AAA / Stable	IND AAA / Stable	NA	CARE AAA / Stable
Principal protected Market linked Debentures	NA	IND AAA / Stable	NA	CARE AAA / Stable
Subordinated Debt	CRISIL AAA / Stable	IND AAA / Stable	NA	CARE AAA / Stable
Perpetual Debt	CRISIL AAA / Stable	NA	BWR AAA / Stable	CARE AAA / Stable
Long Term Bank Loan	NA	IND AAA / STABLE	NA	NA
Short Term Bank Loan	NA	IND A1+	NA	NA
Bank Lines Long Term / Short Term	NA	NA	NA	CARE AAA / STABLE / CARE A1+
Commercial paper	CRISIL A1+	IND A1+	NA	NA

Financial Performance

(₹in crores)

Particulars	2022-23	2021-22	%change
Interest Income	2136.25	1372.23	55.68%
Other Income	190.33	61.15	211.25%
Total revenue	**2326.58**	**1433.38**	62.31%
Finance Cost	1196.39	697.36	71.56%
Employee benefit expenses	192.50	134.95	42.65%
Depreciation, amortisation and impairment	15.57	10.19	52.77%
Other expenses	83.37	53.97	54.48%
Total expenses	**1487.83**	**896.46**	65.97%
Profit/loss before taxes and impairment	838.75	536.91	56.22%
Impairment of financial instruments	65.34	72.88	-10.34%
Profit/loss before taxes	**773.41**	**464.03**	66.67%
Tax expenses	194.31	117.69	65.10%
Profit/loss for the period	**579.10**	**346.34**	67.21%
Other comprehensive income	1.38	0.02	6800.00%
Total comprehensive income	**580.48**	**346.36**	67.60%

Total revenue was up by 62.31% Y-o-Y (year-on-year) from ₹1,433.38 crores in fiscal year 2022 to ₹2,326.58 crores in fiscal year 2023. Interest income Increased by 55.68% Y-o-Y (year-on-year) from ₹1,372.23 crores to ₹2,136.25 crores. Non-Interest Income consisting of Fees and other income increased by 211.25% Y-o-Y from ₹61.15 crores to ₹190.33 crores in fiscal year 2023.

Total Expenses increased by 65.97% from ₹896.46 crores in fiscal year 2022 to ₹1,487.83 crores in fiscal year 2023.The increase is mainly due to higher business volumes PAT increased by 67.21% Y-o-Y (year-on-year) from ₹346.34 crores in fiscal year 2022 to ₹579.10 crores in fiscal year 2023.

Interest Income

(₹in crores)

Particulars	2022-23	2021-22
Interest on Loans (at amortised cost)	2,057.68	1,314.25
Interest income from investments (at amortised cost)	59.79	54.98
Interest income from investments (FVTPL)	16.59	2.02
Interest on Deposit	1.83	0.87
Interest on Lease Deposit	0.36	0.11
Total	**2,136.25**	**1,372.23**

Interest Income constitutes 91.82% of total Revenue and there is 55.68 % increase Y-o-Y (year-on-year) from ₹1,372.23 crores to ₹2,136.25 crores.

Other Income

(₹in crores)

Particulars	2022-23	2021-22
Fees and commission Income	43.26	6.25
Net gain on fair value changes	5.75	24.35
Net gain/(loss) on DE recognition of financial instruments under amortised cost category	141.32	30.55
Total	**190.33**	**61.15**

Other Income constitutes 8.18 % of Total Revenue and there is 211.25 % increase Y-o-Y (year-on-year) from ₹61.15 crores in fiscal year 2022 to ₹190.33 crores in fiscal year 2023.

Finance Costs

(₹in crores)

Particulars	2022-23	2021-22
Interest on borrowings	558.98	177.08
Interest on debt securities	467.42	359.98
Amortisation of discount on commercial paper	52.36	86.72
Interest on subordinated liabilities	93.19	63.39
Other Finance expense	22.72	10.19
Interest On Income Tax	1.72	0.00
Total	**1196.39**	**697.36**

Major increase is in Finance cost by 71.56 % Y-o-Y (Year on year) from ₹697.36 crores to ₹1196.39 crores. Interest on borrowings forms major part of Finance cost. There is an increase in borrowings in current year, from ₹5,494.57 crores in Fiscal year 2022 to ₹10,508.07 crores in Fiscal year 2023.

Employee Benefits Expenses

(₹in crores)

Particulars	2022-23	2021-22
Salaries and wages	172.59	122.58
Employee Stock Option	9.20	5.97
Contribution to provident and other funds	5.36	4.41
Gratuity expenses	3.17	0.99
Staff welfare expenses	2.18	1.01
Total	**192.50**	**134.95**

Employee benefit expense accounts for 12.94% of Total Expenses, Employee benefit Expenses has been increased by 42.65% Y-o-Y (Year on year) from ₹134.95 crores to ₹192.50 crores in Fiscal year 2023 this is mainly due to increase in employee strength, increase in average salary, increase in Ex Gratia provision and Staff Welfare Expenses.

Depreciation/Amortisation and Other Expenses

(₹in crores)

Particulars	2022-23	2021-22
Depreciation, amortisation and impairment	15.57	10.19
Other expenses	83.37	53.97

Depreciation, amortisation and impairment

There is increase in Depreciation, amortisation and impairment expenses by 52.77% compared to last year majorly due to addition in plant property and equipment and reduction by 94% Intangible assets under development.

Other expenses

Other Expenses comprises mainly Professional fees, Rents Rates and Taxes, IT support Business promotion and Subscription charges Other Expenses increased by 54.48 % Y-o-Y (Year on year) from ₹53.97 crores to ₹83.37 crores in Fiscal year 2023 mainly on account of higher business volume, increase in Collection agency payout expenses and investment in information technology.

Profit Before Tax

There is 66.67% increase in PBT from ₹464.03 crores in Fiscal year 2022 to ₹773.41 crores in Fiscal year 2023.

Profit after Tax

Profit After Tax has been increased by 67.21% (Y-O-Y) (Year on year) from ₹346.34 crores in Fiscal year 2022 to ₹579.10 crores in Fiscal year 2023. The Increase is due to increase in total revenue offset by increase in total expense.

Key Ratios

(₹in crores)

Particulars	2022-23	2021-22
ROA	2.80%	2.60%
ROE	21.10%	20.9%
GNPA	0.60%	1.23%
NNPA	0.26%	0.42%
Net interest income to average loans receivable	4.67%	5.50%
Total operating expenses to net interest income	25.79%	27.05%
Capital to risk-weighted assets ratio (CRAR)	20.10%	19.18%
Provisioning coverage ratio (PCR)	57.20%	65.90%

Capital Management

The Company continues its endeavour for greater capital efficiency and shoring up its capital adequacy. During the year ended 31 March, 2023, the Company raised Additional Tier I bonds amounting to ₹225 crores. 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. During the year company has issued 5,23,01,386 Shares to existing shareholders on rights issue in three tranches at a premium ranging between ₹65 to ₹70.

The Company's overall capital adequacy ratio (CAR) under RBI NBFC Master Direction stood at 20.10% at the end of the year, well above the benchmark requirement of 15% stipulated by Reserve Bank of India (RBI) NBFC Master Directions. Of this, Tier I (CAR) was 14.79% (against minimum regulatory requirement of 10%) and Tier II CAR was 5.31%.

Capital to Risk-Asset Ratio (CRAR)

(₹in crores)

Particulars	As at 31st March 2023	As at 31st March 2022
CRAR- Tier I Capital	3,290.03	2,279.05.
CRAR- Tier II Capital	1,181.61	835.14
Total Capital	4,471.64	3,114.18
CRAR (%)	20.10%	19.18%
CRAR- Tier I Capital (%)	14.79%	14.03%
CRAR- Tier II Capital (%)	5.31%	5.15%
Amount of subordinated debt raised as Tier-II Capital	300	175
Percentage of the amount of PDI of the amount of its Tier I Capital	12.57%	8.75%
Amount raised by issue of Perpetual Debt Instruments	225	200

SWOT Analysis

Strength	Weaknesses	Opportunities	Threats
Strong parentage	Retail product offering is currently limited to 4-5 products in comparison to the competition landscape.	**New geographies –RUSU (Rural and semi-urban)**	**High competition**
Access to extensive industry expertise, and strong brand recall through Axis bank and one Axis ecosystem.		Axis Finance has showed continued success in entering new business segments and delivering success while harnessing digital capabilities. It has opportunities to build in existing segments and enter new geographies in the RUSU markets.	Heightened competition intensity across the business segments , hardening yields with its impact on cost of funds may dilute AFL positioning.

Strength	Weaknesses	Opportunities	Threats
Diversified portfolio The retail portfolio has exhibited strong growth and now constitutes 46% of the portfolio with wholesale at 46% and emerging markets at 8%.	Dependency on channel partners for business originations in comparison to the strong internal customer base of competition.	**Digital eco-system** Axis finance with its formidable digital capabilities can leverage the lending opportunities provided by ONDC (Open network digital commerce), Digital lending in education, travel, healthcare etc.	

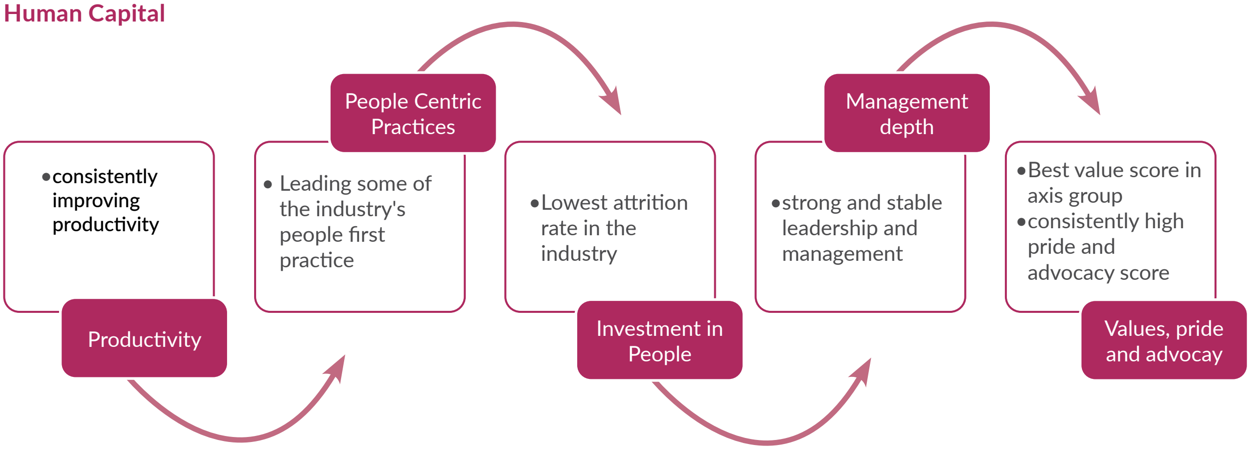
Risk management

AFL has comprehensive risk management framework and processes in place to prudently manage different risks to ensure resilience and sustainable growth. This framework incorporates a Risk Appetite Statement approved by the Board's Risk Management Committee that covers both Financial and non-Financial risk guardrails. AFL has also established exposure concentration limits in various KPIs like product type, geography, unsecured, capital market etc. that are reviewed periodically as a part of Product-level Risk Guardrails.

Risks	Mitigation measures
Credit risks	• Policies and operating guidelines in place for all loan products
	• In-depth due diligence of loan proposals
	• Centralised committee-based credit decisioning for Corporate business and clearly defined delegation/ deviation matrix for Retail business
	• Early Warning Systems (EWS) for proactive corporate loan and Retail Portfolio Monitoring
	• Forward looking ECL estimates
	• Portfolio Stress Testing
Liquidity risks	• Well diversified funding mix of market 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 norm
	• Prudent ALM management: Liquidity gaps are monitored by the ALCO and RMC
	• Automated ALM system for liquidity risk management
	• Liquidity stress testing and contingency funding plan testing
Market risk management	• Interest rate risk managed by way of Earnings at Risk (EAR) Limits across time buckets
	• Market risk in trading book managed by way of stop-loss and PV01 limits
Operational Risk Management	• Operational Risk Assessment to strengthen internal controls
	• Third party risk management through monitoring and internal controls.
Cyber and Infosec Risks	• Infosec Monitoring
	• DLP and Endpoint security controls
	• Cybersecurity and Infosec awareness programs

Human Resources

Human Capital



Employees are the backbone of our 10 years of excellence! We want AFL to be a great place to work for and be the employer of choice in the Financial Services Segment. Our employees are our biggest assets and recognise the importance of our employees' contributions in making our business a success. In order to empower our employees to achieve organisational objective and have a fulfilling job, we offer a healthy workplace, competitive rewards, development opportunities and empathetic leadership as we strive to maintain a meritocratic and rewarding work culture. In a testimony to our work culture 12 initial employees who joined us in 2013 are still with us.

1,081
Employees

792
Retail section employees

134
Wholesale and emerging section employees

155
Support function employees

29.8%
Attrition down 54% over 3 years

409
New employees hired in the year

67%
CAGR of headcount in last 3 years

Fostering a high-performance culture

At AFL, we have cultivated a high-performance culture by developing a formal mid-term and annual performance review process. Monthly dashboards help employees to keep track of their progress and improve their performance. This year 197 employees are promoted to the next grade and will be taking up additional responsibilities as the organisation grows and expands its geographical reach.

AFL believes in fostering internal and providing opportunities to internal talent before exploring external candidates. Employees are given opportunities to move across departments through the IJP process and by mean of demonstrated potential to take additional responsibilities. For roles, where the internal talent is unavailable, AFL recruits high quality talent from the industry.

Inducting Talent and Imbibing Values Culture

Every new joiner at AFL, undergoes a structured induction program. AFL has a Buddy program to help new joiners settle in the organisation. AFL promotes a values and ethics culture. It reinforces the values through various processes and rewards employees for demonstrating values behaviour through its R&R processes. Values forms a critical part of induction for every new joiner at AFL. AFL has zero tolerance to violation of Ethics and Code of Conduct.

Health, Safety and Well Being

AFL continues with its enhanced health and wellbeing policies initiated during the pandemic. AFL covers its employees under comprehensive health and life cover. A benevolent fund has been created over and above life insurance cover to support dependents, in case of any unfortunate demise.

During the year, zero incidents reported on safety front. Periodic fire safety drills were conducted for educating employees and ensuring preparedness for emergency situations.

AFL encourages employees to have a good work life balance and provides safe-work environment. AFL discourages late-sitting at work in all forms and encourages employees to make an optimal use of their work hours. Open-door policy at work, townhall meetings and periodic leadership connects help maintain transparency across all levels. Mechanisms are in place to handle grievances, with an effective escalation matrix. An employee can directly reach-out to the MD through mechanisms provided, with a commitment to revert for resolution within 24 hours.

Competitive compensation and employee benefits

At AFL, we attract and retain talent by providing them competitive compensation packages and various other employee benefits. We have developed a flexible compensation structure to provide flexibility to employees choose their benefits based on individual needs. AFL has aligned its compensation structure for KMP's and Senior Management as per RBI guidelines and regulations.

AFL benchmarks its compensation with the industry on periodic basis to ensure alignment of compensation and benefits to market.

In addition, AFL promotes Home for All and Vehicle for All for its employees. Employees can avail home loans at subsidised rates under the staff loan policy. Employee can also avail a two-wheeler loan or opt for company owned car based on their grade and eligibility.

208

Active Staff Loans

₹70.70 crores

Loan amount to staff

Recognising top performers

Employees at AFL are rewarded and recognised for their performance, outstanding contribution, teamwork, and for demonstrating values al behaviour. The Company recognises top performers on a monthly and quarterly basis, with various awards including Performance, Service Excellence and Team awards. The recognition is not limited to employee and extended to family for their support and commitment. This year AFL celebrated its 10th Anniversary, and recognised the first 12 employees of AFL and their families for their contribution, support and commitment to building AFL.

Succession Planning and Talent Pipeline

AFL conduct succession reviews with the board on annual basis and ensures pipeline for key and critical roles to ensure business continuity. Successors and critical talent are given opportunities to take up higher responsibilities. They are also given opportunities to interact with senior management and board of directors.

Learning and Development

Learning and development of employees is of paramount importance to AFL. We conduct various trainings and upskilling programs for our employees. The highlights of the year were launches of new Classroom learning programs such as; Saksham: The Learning Journey for Sales, Sampark: Contact Centre Training, Credit Training, Collection Training, Knowledge Nuggets, Communication Skills and Business Etiquettes, Making Difficult conversations easy, Orientation to HR Policies and Log your Learnings to name a few.

48,204

Total learning hours

46.47

Average learning hours per employee

20

External trainings for industry courses

54 employees, 755 hours

External training

100%

Axis competency profiler test

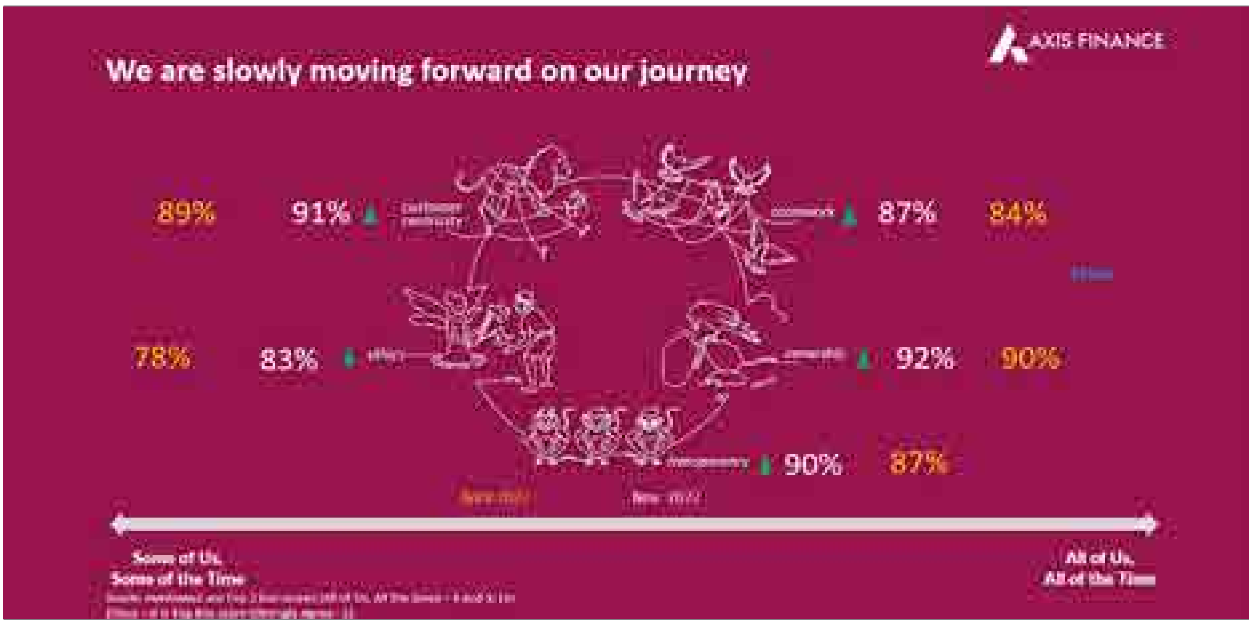
Employee Engagement and Fun at Work

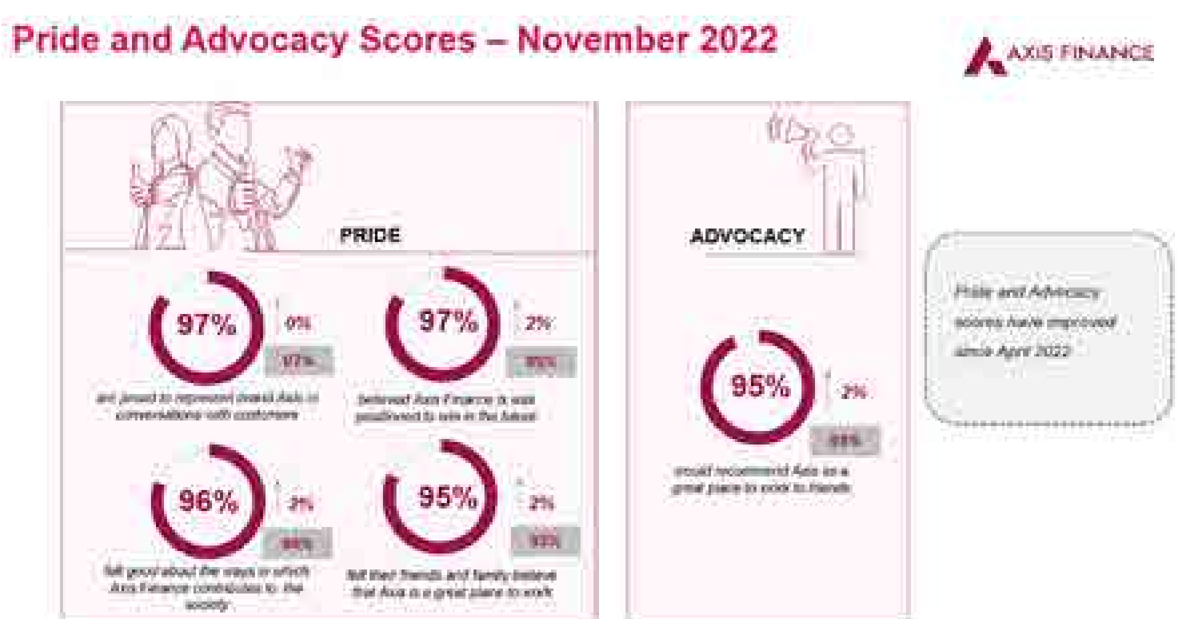
AFL has employee hobby clubs that help employees connect on their hobbies and interests beyond work like trekking, painting etc. AFL also celebrates regional festivals with employees across different regions.

Imbibing Axis Values

The Axis Group conducts Value Voices Survey on biannual basis. This bi-annual engagement survey “Values Voices”, measures the organisation’s sentiment on the values framework. It also is a measure of how we as an organisation are faring on the Values scorecard.

We have consistently shown an upward trend in all our value parameters in the FY 2022-23.





Vision 2026 – To be the "Efficient Employer"

Internal Control Systems and their Adequacy

Axis Finance Limited (AFL) has robust internal controls system in place, driven through various procedures and policies which are reviewed and tested periodically, across all processes, units and functions. Our risk and credit teams have the eye on the market; have inbuilt processes to identify the existing and probable risks and to mitigate the identified risks. Senior management also monitor the mitigating measures. The Company has various committees including Risk Management Committee and the Asset and Liability Committee, with participation from various functions, which are designed to review and oversee critical aspects of the Company's operations.

AFL has a dedicated control functions for testing design and efficiency of ICOFR on regular basis and timely remediation of control deficiencies identified, if any. Further, the Company monitors Information and Technology General Controls (ITGC) on a periodic basis. The Company has implemented required controls through systems and processes ensuring a robust control framework.

In line with the RBI's guidelines on Risk Based Internal Audit (RBIA), AFL has implemented a Risk Based Internal Audit policy. The Risk Based Internal Audit policy has been designed after factoring Regulatory guidelines and Axis Groups Internal Procedures. The policy has a well-defined architecture for conducting Risk Based Internal Audit across all functions.

The Internal Audit department and Compliance function review the business unit's adherence to internal processes and procedures as well as to regulatory and legal requirements providing timely feedback to Management for corrective action, including minimising the design risk, if any.

The Audit Committee of the Board also reviews the performance of the audit and compliance functions and reviews the effectiveness of controls and compliance with regulatory guidelines.

Cautionary statements

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

AXIS FINANCE LIMITED

CIN: U65921MH1995PLC212675
Reg. Office: Axis House, Ground Floor, Wadia International Centre, Worli, Mumbai – 400 025
Tel No.: 022 – 2425 2525; **Fax No.:** 022 – 4325 3000
E–mail ID: corporate.secretarial@axisfinance.in; **Website:** www.axisfinance.in

Notice of 28th Annual General Meeting

NOTICE is hereby given that the 28th Annual General Meeting of the members of **Axis Finance Limited** will be held on Tuesday, June 6, 2023 at 09:00 a.m. at Axis House, Ground Floor, Wadia International Centre, Worli, Mumbai – 400 025, to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the audited financial statements for the year ended March 31, 2023 together with the Reports of Directors' and Auditors' thereon.
2. To appoint a director in place of Mr. Bipin Saraf (DIN: 06416744), who retires by rotation and being eligible, offers himself for re-appointment.

Special business:

3. To consider and approve increase in borrowing limits of the Company up to ₹45,000 crores

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"**RESOLVED THAT** in supersession of all the earlier resolutions passed in this regard, consent of the members be and is hereby accorded under the provisions of section 180 (1)(c) and other applicable provisions, if any, of the Companies Act, 2013 read with Master Direction–Non-Banking Financial Company–Systemically Important Non–Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India from time to time (including maintenance of Capital Adequacy Ratio, as stipulated) and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules framed thereunder (including any amendment(s), modifications, amendments, re–enactments thereto to the extent notified) to the Board or the Committee of Directors (which term shall include its duly empowered Committee(s) constituted/to be constituted by it to exercise its powers including the powers conferred by this resolution), to borrow such sums of money (including by way of debt issuance of Tier II capital, perpetual bond, Commercial Paper in the form of usance promissory note, Non–Convertible Debentures secured or unsecured, Bank Lines, TREPS, External Commercial Borrowings or any other source of borrowings from time to time as may be required for the purpose of business of the Company), in excess of the aggregate of paid–up capital of the Company, free reserves, that is to say, reserves not set apart for any specific purpose, and securities premium subject to the condition that the total amount of such borrowing outstanding at any given point of time together with the money already borrowed (apart from temporary loans obtained by the Company from its Bankers / other entities in ordinary course of business) shall not at any time exceed the limit of ₹45,000 crores (Rupees Forty–Five Thousand crores only);

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorised to do all such acts, deeds and things and execute all such agreements, documents, instruments and writings as may be required, file requisite forms or applications with statutory / regulatory authorities with power to settle all questions, difficulties or doubts that may arise in this regard as it may in its sole and absolute discretion deem fit and with a further power to delegate any one or more of the powers conferred upon by this resolution, to any officer(s) or executive(s) of the Company as they may deem fit and proper."

4. **To consider and approve the increase in limits for creation of charge on the assets of the Company up to an amount of ₹45,000 crores**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in supersession of all the earlier resolutions passed in this regard, the consent of the members be and is hereby accorded under the provisions of section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, read with The Companies (Meetings of Board and its Powers) Rules, 2014 (including any amendment(s), modification(s) or re-enactment(s) thereof for the time being in force), and the relevant provisions of the Articles of Association of the Company to the Board of Directors or Committee of the Board (which term shall include its duly empowered Committee(s) constituted / to be constituted by it to exercise its powers including the powers conferred by this resolution) to create such charge / mortgage / pledge / hypothecation / security / lien in addition to existing charge / mortgage / pledge / hypothecation / security / lien, created by the Company in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and / or immovable properties, tangible or intangible assets of the Company, both present and future in favour of the banks / financial institutions / body corporates / companies / any other entities / persons, other investing agencies and trustees for the holders of debentures / bonds / other instruments in such form and manner as the Board may deem fit, for the borrowings of the Company up to an amount of ₹45,000 crores (Rupees Forty–Five Thousand crores);

RESOLVED FURTHER THAT the securities to be created by the Company aforesaid may rank exclusive / prior /pari–passu / subsequent with/to the hypothecation / mortgages and / or charges already created or to be created by the company as may be agreed to between the concerned parties;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorised to do all such acts, deeds and things and execute all such agreements, documents, instruments and writings as may be required, file requisite forms or applications with statutory / regulatory authorities with power to settle all questions, difficulties or doubts that may arise in this regard as it may in its sole and absolute discretion deem fit and with a further power to delegate any one or more of the powers conferred upon by this resolution, to any officer(s) or executive(s) of the Company as they may deem fit and proper."

5. **Issue of Debentures / Bonds on a private placement basis up to ₹24,000 crores**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT in supersession of all the earlier resolutions passed in this regard, the consent of the members be and is hereby accorded under the terms of section 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 read with the Companies (Share Capital and Debentures) Rules, 2014 and subject to the provisions of the Articles of Association of the Company, read with SEBI (Issue and Listing of Non-Convertible Securities), Regulations, 2021 read with circulars and clarifications issued by the Reserve Bank of India (RBI) as applicable to the Non–Banking Financial Companies (NBFC's) and subject to compliance with such other provisions of law as may be applicable (including any amendment(s), modification(s) or re-enactment(s) thereof for the time being in force) to the Board (or the Committee of the Directors (which term shall include its duly empowered Committee(s) constituted/to be constituted by it to exercise its powers including the powers conferred by this resolution) to raise funds time to time by way of making offer or invitation for subscription of secured/unsecured non–convertible debentures, subordinated debentures, bonds or any other debt securities (excluding Commercial paper) herein after to be referred as 'Debentures') up to ₹24,000 crores (Rupees Twenty–Four Thousand crores only) in one or more series / tranches to such investors who is eligible to subscribe the Debentures as prescribed under the Act or other applicable laws, rules and regulations and on such other terms and conditions as the Board may, from time to time, determine and consider proper and most beneficial to the Company;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorised to do all such acts, deeds and things and execute all such agreements, documents, instruments and writings as may be required, file requisite forms or applications with statutory / regulatory authorities with power to settle all questions, difficulties or doubts that may arise in this regard as it may in its sole and absolute discretion deem fit and with a further power to delegate any one or more of the powers conferred upon by this resolution, to any officer(s) or executive(s) of the Company as they may deem fit and proper."

6. **To consider and approve the selling, assignment, securitisation under section 180(1)(a) of the Companies Act, 2013 up to ₹7,500 crores**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"**RESOLVED THAT** approval of the members be and is hereby accorded under the terms of section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 read with applicable thereunder (including any amendment, modification, variation or re-enactment thereof) ('the Act') read with Master Directions including circulars, notifications issued by the Reserve Bank of India read with applicable provisions of the Memorandum of Association and the Articles of Association of the Company and all other applicable laws, acts, rules, regulations, guidelines, circulars, directions and notifications read with the Transfer of Loan Exposures Policy adopted by the Company to the Board of Directors of the Company (hereinafter it shall be called as 'the Board' and which term shall deemed to include any Committee(s) of the Directors / of Executives constituted / to be constituted by the Board and to exercise its powers including the powers conferred by this resolution) to sell / assign / securitise present and /or future receivables / book debts of the Company to such entities as may be identified from time to time in such form and manner in such form and manner and upon such terms and conditions as may be deemed fit, such that the aggregate amount of such sale/assignment/securitisation transactions shall not exceed ₹7,500 crores (Rupees Seven Thousand Five Hundred crores only);

RESOLVED FURTHER THAT the Board is hereby authorised to delegate the powers given in the aforesaid resolution to the Committee of Executives or Committee of Directors or any other Committee constituted by them to approve the sell / assign / securitise substantial assets including present and /or future receivables / book debts of the Company in favour of banks / financial institutions, other investing agencies, Asset Reconstruction Companies and trustees within the said limits AND THAT to authorise various officials of the Company for executing, signing and delivering all the deeds, agreements, power of attorney, applications and any other documents as may be required in this regard with a further power to delegate any one or more of the powers conferred upon by this resolution, to any officer(s) or executive(s) of the Company as they may deem fit and proper."

7. **To consider and approve revised remuneration payable to Mr. Bipin Saraf, Managing Director and CEO of the Company for the FY 2023–24**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** in partial modification to the earlier resolution passed in this regard AND THAT basis the recommendation of Nomination and Remuneration Committee and Board of Directors of the Company, approval of the members of the Company be and is hereby accorded for increase in the overall remuneration paid to Mr. Bipin Kumar Saraf (DIN: 06416744), MD & CEO of the Company for the FY 2023–24 by 12% i.e. from ₹1,97,26,209/- to ₹2,20,93,400/- w.e.f. April 01, 2023;

RESOLVED FURTHER THAT as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors, annual variable pay of an amount of ₹98,63,105/ - paid to MD & CEO for the FY 2022–23 be and is hereby approved;

RESOLVED FURTHER THAT save and except the revision in remuneration as aforesaid all other terms of the conditions of his employment shall remain unchanged;

RESOLVED FURTHER THAT terms and conditions of appointment and remuneration of Mr. Bipin Kumar Saraf, MD & CEO be varied / altered / revised in such manner as may be deemed fit by Nomination and Remuneration Committee and / or Board of Directors of the Company from time to time;

RESOLVED FURTHER THAT where in any financial year during the tenure of the said Managing Director & CEO, the Company has no profits or profits are inadequate, the aforesaid remuneration or remuneration as may be approved by the Board of Directors of the Company from time to time shall be paid as minimum remuneration;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorised to do all such acts, deeds and things and execute all such agreements, documents, instruments and writings as may be required, file requisite forms or applications with statutory / regulatory authorities with power to settle all questions, difficulties or doubts that may arise in this regard as it may in its sole and absolute discretion deem fit and with a further power to delegate any one or more of the powers conferred upon by this resolution, to any officer(s) or executive(s) of the Company as they may deem fit and proper."

8. To consider and approve the revision in remuneration of Mr. Biju Pillai, Whole–Time Director (Deputy Managing Director) for FY 2023–24

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in partial modification to the earlier resolutions passed in this regard AND THAT basis the recommendation of the Nomination and Remuneration Committee and Board of Directors of the Company, the members be and hereby approves the overall increase in remuneration of Mr. Biju Pillai (DIN: 08604963), Deputy Managing Director of the Company (continues to be a Whole-Time Director) for the FY 2023–24 by 12% i.e. from ₹1,78,00,000/- to ₹1,99,36,000/- w.e.f. April 1, 2023;

RESOLVED FURTHER THAT as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors, annual variable pay of an amount of ₹89,00,000/- paid to Mr. Pillai, Deputy Managing Director of the Company (Designated as Deputy Managing Director) for the FY 2022–23 be and is hereby approved;

RESOLVED FURTHER THAT all other terms and conditions of employment of Mr. Pillai, Whole- Time Director of the Company (continues to be a Whole–Time Director) shall continue to be same and valid;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorised to do all such acts, deeds and things and execute all such agreements, documents, instruments and writings as may be required, file requisite forms or applications with statutory / regulatory authorities with power to settle all questions, difficulties or doubts that may arise in this regard as it may in its sole and absolute discretion deem fit and with a further power to delegate any one or more of the powers conferred upon by this resolution, to any officer(s) or executive(s) of the Company as they may deem fit and proper."

By Order of the Board of Directors
For **Axis Finance Limited**

sd/-
Rajneesh Kumar
Company Secretary
Membership No.: A31230

Date: May 15, 2023
Place: Mumbai

Notes:

1. The relevant Explanatory Statements pursuant to section 102 of the Companies Act, 2013 ('the Act') in respect of the Special Business as stated above is annexed hereto.
2. Pursuant to the provisions of the Act, a member entitled to attend and vote is entitled at the Annual General Meeting ('AGM') is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member of the Company. The instrument appointing a proxy enclosed as **Annexure A**, should however be deposited at the registered office of the company, not less than 48 hours before the commencement of the meeting.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified true copy of the Board Resolution/ Corporate Authorisation, authorising their representative to attend and vote on their behalf at the Meeting.
4. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m. and 1.00 p.m.
5. Members/proxies should bring the attendance slip enclosed as **Annexure B** duly filled in for attending the Meeting.
6. Members who hold shares in the dematerialised form are requested to write their DP ID and Client ID and those holding shares in physical form are requested to write their folio number in the attendance slip and hand it over at the entrance of the meeting hall.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. The profile and other relevant details pursuant to Secretarial Standard on General Meeting issued by the Institute of Company Secretaries of India in respect of Director seeking re-appointment at this AGM is provided as annexure to this Notice.
9. The Notice and the Annual Report of the AGM shall be displayed on the website www.axisfinance.in of the Company.
10. A route map showing directions to reach the venue of the Annual General Meeting annexed herewith as **Annexure C**.

Explanatory Statements under section 102 of the Companies Act, 2013

Item Nos. 3 and 4:

In terms of the provisions of section 180(1)(c) and 180(1)(a) of the Companies Act, 2013, the Members of the Company at the 27th Annual General Meeting held on June 6, 2022 had granted their approval by way of special resolution to the Board of Directors of the Company to borrow, from time to time, such sums of money from banks, financial institutions or any other institutions for an amount not exceeding ₹40,000 crores (Rupees Fourty Thousand crores only) and to mortgage / create charge on all or any of the assets of the Company in favor of the concerned lenders for the purpose of securing the due repayment of the monies borrowed by the Company together with the interest and other monies thereon.

As per the provisions of section 180(1)(c) and 180(1)(a), respectively, of the Companies Act, 2013, the Board of Directors of a Company shall not:

- borrow money, where the money to be borrowed, together with the money already borrowed by the company will exceed aggregate of its paid-up share capital, free reserves and securities premium, apart from temporary loans obtained from the company's bankers in the ordinary course of business, or
- sell, lease or otherwise dispose of the whole or substantially the whole of its undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings,

without the consent of the Members of the company accorded at the General Meeting by means of a 'special resolution'.

For the purpose of funding its lending business operations, the Company raises resources inter–alia by borrowing monies from time to time from various persons, firms, bodies corporate, banks, financial institutions, etc. and these borrowings are inter–alia secured by mortgage of immovable properties, hypothecation/pledge of movable properties, promissory notes and / or negative liens / pledges on the assets and properties of the Company coupled with power of attorney in favor of such lenders.

Considering the future business growth of the Company, to meet the funding requirements and in order to provide security to such loans by way of mortgage or creating charge on the assets of the Company, it is proposed to increase the borrowing limits of the Company up to ₹45,000 crores (Rupees Forty-Five Thousand crores only) by passing the resolution proposed under item no. 3 as a Special resolution. Further, in order to provide security to such loans by way of mortgage or creating charge on the assets of the Company up to ₹45,000 crores (Rupees Forty–Five Thousand crores only), resolution under item no. 4 is proposed to be passed as a Special resolution.

In view of the aforesaid, the Board of Directors at its meeting held on April 13, 2023, subject to the approval of Members, has approved to increase borrowing limits of the Company and to mortgage or create charge on all or any of the assets of the Company as approved by the Members pursuant to Section 180(1)(c) and 180(1) (a) of the Act.

Accordingly, the approval of the Members is being sought by way of special resolution authorising the Board of Directors to borrow further sums of monies within an overall limit of ₹45,000 crores (Rupees Forty-Five Thousand crores only) outstanding at any given point of time. The Board recommends passing of the special resolutions as set out under item nos. 3 and 4 of this Notice for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives, are in any way, concerned or interested, financially or otherwise, in the said resolution as set out in Item no 3 and 4.

Item No. 5:

The Company has been raising funds by offer and/or invite for issuing redeemable Non- Convertible Debentures, secured or unsecured, fixed rate or market/bench mark linked and/or any other hybrid instruments (not in the nature of equity shares) including but not limited to Subordinated Bonds, Perpetual Debt Instruments which may or may not be classified as being additional Tier I or Tier II capital (hereinafter referred to as “Debt Securities”) on private placement basis, from time to time.

In terms of Section 71 which deals with the issue of debentures read with Section 42 of the Companies Act, 2013, which deals with the offer or invitation for subscription of Debt Securities of the Company on private placement basis read with rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a Company can make private placement of its Debt Securities only after receipt of prior approval of its shareholders by way of a special resolution. The Companies (Prospectus and Allotment of Securities) Rules, 2014 further provides that the said special resolution must be passed in respect of all offers/ invitations for the Debt Securities to be issued during a year and such a special resolution is required to be passed every year.

Considering the above, the Board of Directors at its meeting held on April 13, 2023, has approved issuance of Debt securities in one or more tranches, on private placement basis and within the overall borrowing limit subject to the approval by the Members.

Accordingly, the approval of the Members is being sought by way of special resolution as set out at Item No. 5 of this Notice authorising the Board to issue NCDs and/or any other hybrid instruments (not in the nature of equity shares) which may or may not be classified as being Tier II capital under the provisions of the RBI Master Directions, for an aggregate amount not exceeding ₹24,000 crores (Rupees Twenty-Four Thousand crores only) on private placement basis during a period of one year from the date of this AGM.

The Board, accordingly, recommends the passing of the special resolution as set out at Item No. 5 of this Notice, for the approval of the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives, are in any way, concerned or interested, financially or otherwise, in the said resolution as set out in item no 5.

Item No. 6:

The members of the Company are requested to note that Company may raise funds by way of sell / direct assignment / securitisation of the present and /or future receivables / book debts of the Company to any Bank or Financial Institution or Asset Reconstruction Companies as per the terms approved by the Board of Directors. The sale / assignment / securitisation of the present and / or future receivables / book debts of the Company may result into disposal of undertaking as defined in the explanation to section 180(1)(a) of the Companies Act, 2013. As per the provisions of Section 180(1)(a) of the Companies Act, 2013, the Board of Directors of a Company shall not sell, assign or securitise the receivables / book debts of the Company without the consent of the members of the Company, accorded at the General Meeting by means of a 'special resolution'.

In view of the aforesaid, the Board of Directors at its meeting held on April 13, 2023, has subject to the approval of members, approved sell / assign / securitise present and / or future receivables / book debts of the Company as approved by the members of the Company pursuant to section 180(1)(a) of the Act. Accordingly, the approval of the Members is being sought by way of special resolution, authorising the Board of Directors to sell / assign / securitise substantial assets including present and / or future receivables / book debts of the Company, to the holders of debentures / bonds and other instruments for an aggregate amount not exceeding ₹7,500 crores (Rupees Seven Thousand Five Hundred crores only).

The Board, accordingly, recommends the passing of the special resolution as set out at Item No. 6 of this Notice, for the approval of the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives, are in any way, concerned or interested, financially or otherwise, in the said resolution as set out in item no 6.

Item No. 7:

The members be informed that as a part of annual performance appraisal and basis the recommendation of Nomination and Remuneration Committee and subject to the approval of members, the Board had approved the revision in the overall remuneration by 12% of Mr. Bipin Saraf, Managing Director & CEO w.e.f. April 1, 2023.

The Board, accordingly, recommends the passing of the ordinary resolution as set out at item No. 7 of this Notice, for the approval of the Members.

None of the Directors except Mr. Bipin Saraf, MD & CEO or Key Managerial Personnel of the Company or their relatives, are in any way, concerned or interested, financially or otherwise, in the said resolution as set out in item no 7.

Item No. 8:

The members be informed that as a part of annual performance appraisal and basis the recommendation of Nomination and Remuneration Committee and subject to the approval of members, the Board had approved the revision in the overall remuneration by 12% of Mr. Biju Pillai, Whole-Time Director (Deputy Managing Director) w.e.f. April 1, 2023.

The Board, accordingly, recommends the passing of the ordinary resolution as set out at item No. 8 of this Notice, for the approval of the Members.

None of the Directors except Mr. Biju Pillai, Whole–Time Director (Deputy Managing Director) or Key Managerial Personnel of the Company or their relatives, are in any way, concerned or interested, financially or otherwise, in the said resolution as set out in item no 8.

Brief Profile of Managing Director & CEO seeking re–appointment at the Annual General Meeting

Information as required under Clause 1.2.5 of the Secretarial Standard on General Meetings (SS-2) is given hereunder:

Name	Bipin Kumar Saraf
DIN	06416744
Age	51 years
Qualification and Expertise in specific functional areas	Mr. Bipin Kumar Saraf is a rank holder Chartered Accountant and Cost Accountant and holds a Bachelor's degree in Commerce. He has more than 20 years of experience in the areas of Finance and Banking. Before joining Axis Bank Limited, Mr. Saraf was with IFCI Limited from 1995 to 2003. He commenced his career with IFCI Limited and was responsible for handling the portfolio of large and medium corporates belonging to various sectors including Steel, Power, Textile, Petrochemicals, etc. He joined the Capital Market Department of Axis Bank Limited in 2003 and was in-charge of the Corporate and Financial Advisory Portfolio in the Eastern Zone with the primary responsibility of undertaking project advisory and appraisal assignments, corporate restructuring and syndication of funds for various corporate clients. Subsequent to that he was responsible for the Structured Products business under the Capital Markets Department of Axis Bank Limited. During his last stint with Axis Bank he was Head of the Global Debt Syndication Business (International and Domestic). He has been heading Axis Finance Ltd as the MD & CEO since 10 years and has been instrumental in setting up this wholly owned subsidiary NBFC under Axis Bank.
Terms and conditions of re–appointment	Managing Director & CEO (Executive)
Details of remuneration sought to be paid	As mentioned in the proposed resolution in Item No. 2
Details of remuneration last drawn: (in lacs) for FY 2022–23	186
Date of first appointment on the Board	October 20, 2012
Shareholding in the Company	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel	None
The number of Meetings of the Board attended during FY 2022–23	6
Other Directorships (excluding Axis Finance Limited)	Nil
Membership / Chairmanship of Committees of other Board	Nil

Brief Profile of Managing Director & CEO seeking re–appointment at the Annual General Meeting

Information as required under Clause 1.2.5 of the Secretarial Standard on General Meetings (SS-2) is given hereunder:

Name	Biju Pillai
DIN	08604963
Age	55
Qualification and Expertise in specific functional areas	Mr. Biju Pillai joined Axis Finance as Chief Business Officer – Retail Business in September 2019 and was appointed as Whole time Director in November 2019. He has over 2 decades of wide-ranging experience handling multiple functions and roles covering numerous product categories in Consumer lending, Rural lending and Business banking businesses. He supervises Retail Business which includes Sales and Distribution, Product and Policy Formulation, Underwriting and Collections, Marketing and Risk Analytics. He also looks into the IT strategy and Implementation for the company. Before joining Axis Finance, he worked in various organisations including Anagram Finance, Bank of America, HDFC Bank and IDFC Bank. He has built some of the retail businesses from scratch during his tenure in HDFC Bank and IDFC Bank. He has also been instrumental in launching new business lines such as Gold Loans, Small Business Working Capital (EEG) during his stint in HDFC Bank. Mr. Pillai has a degree in Textile Engineering from M S University, Baroda and is a post graduate in Management from Gujarat University.
Terms and conditions of re–appointment	Whole–Time Director (Deputy Managing Director)
Details of remuneration sought to be paid	As mentioned in the proposed resolution in Item No. 8
Details of remuneration last drawn: (in lacs) for FY 2022-23	146
Date of first appointment on the Board	November 7, 2019
Shareholding in the Company	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel	None
The number of Meetings of the Board attended during FY 2022–23	5
Other Directorships (excluding Axis Finance Limited)	Nil
Membership / Chairmanship of Committees of other Board	Nil

Annexure A

FORM No. MGT–11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	:	U65921MH1995PLC212675
Name of the Company	:	Axis Finance Limited
Registered Office	:	Axis House, Ground Floor, Wadia International Centre, Worli, Mumbai – 400 025

Name of the member (s):			
Registered address:			
E-mail Id:			
Folio No. / Client Id:		DP ID:	

I / We, being the member (s) of .... shares of the above-named company, hereby appoint:

1.	Name		
	Address		
	E-mail Id	or failing him	
	Signature		
2.	Name		
	Address		
	E-mail Id	or failing him	
	Signature		

as my / our proxy to attend and vote (on a poll) for me / us and on my/our behalf at the Annual General Meeting of the Company, to be held on the June 6, 2023 at 09:00 a.m. at Axis House, Ground Floor, Wadia International Centre, Worli, Mumbai – 400 025 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars of the Resolution
Ordinary Business:	
1.	To receive, consider and adopt the audited financial statements for the year ended March 31, 2023 together with the Reports of Directors' and Auditors' thereon.
2.	To appoint a director in place of Mr. Bipin Saraf (DIN: 06416744), who retires by rotation and being eligible, offers himself for re-appointment
Special Business:	
1.	To consider and approve increase in borrowing limits of the Company up to ₹45,000 crores
2.	To consider and approve the increase in limits for creation of charge on the assets of the Company up to an amount of ₹45,000 crores
3.	To consider and approve the issuance of Debentures / Bonds on a private placement basis up to ₹24,000 crores
4.	To consider and approve the selling, assignment, securitisation under section 180(1)(a) of the Companies Act, 2013 up to ₹7,500 crores
5.	To consider and approve revised remuneration payable to Mr. Bipin Saraf, Managing Director & CEO of the Company for FY 2023–24
6.	To consider and approve the revision in remuneration of Mr. Biju Pillai, Whole–Time Director (Deputy Managing Director) for FY 2023–24

Signed this ____day of _____________________ 2023

Signature of Shareholder: ____

Signature of Proxy holders(s): ____

Notes: The form should be signed across the Stamp.

Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting

Annexure B

Axis Finance Limited
CIN: U65921MH1995PLC212675
Regd. Office: Axis House, Ground Floor, Wadia International Centre, Worli, Mumbai – 400 025
Tel No.: 022–2425 2525 **Fax No.:** 022 – 4325 3000
E-mail ID: info@axisfinance.in; Website: www.axisfinance.in

Attendance Slip

Name of the Shareholder	:	
Registered Address of the Shareholder	:	
Ledger Folio No./CL ID/DP ID No.	:	
No. of Shares Held	:	
Name of the Proxy/Representative, if any	:	
Signature of the Member (s) or Proxy	:	
Signature of the Representative	:	

I / We certify that I / We am / are member(s) / proxy for the member(s) of the Company.

I / We hereby record my / our presence at the 28th Annual General Meeting of the Company, to be held on the June 6, 2023 at 9:00 a.m. at Axis House, Ground Floor, Wadia International Centre, Worli, Mumbai – 400 025.

Signature of the Shareholder / Proxy / Representative:

Signature of 1st Joint Holder:

Signature of 2nd Holder:

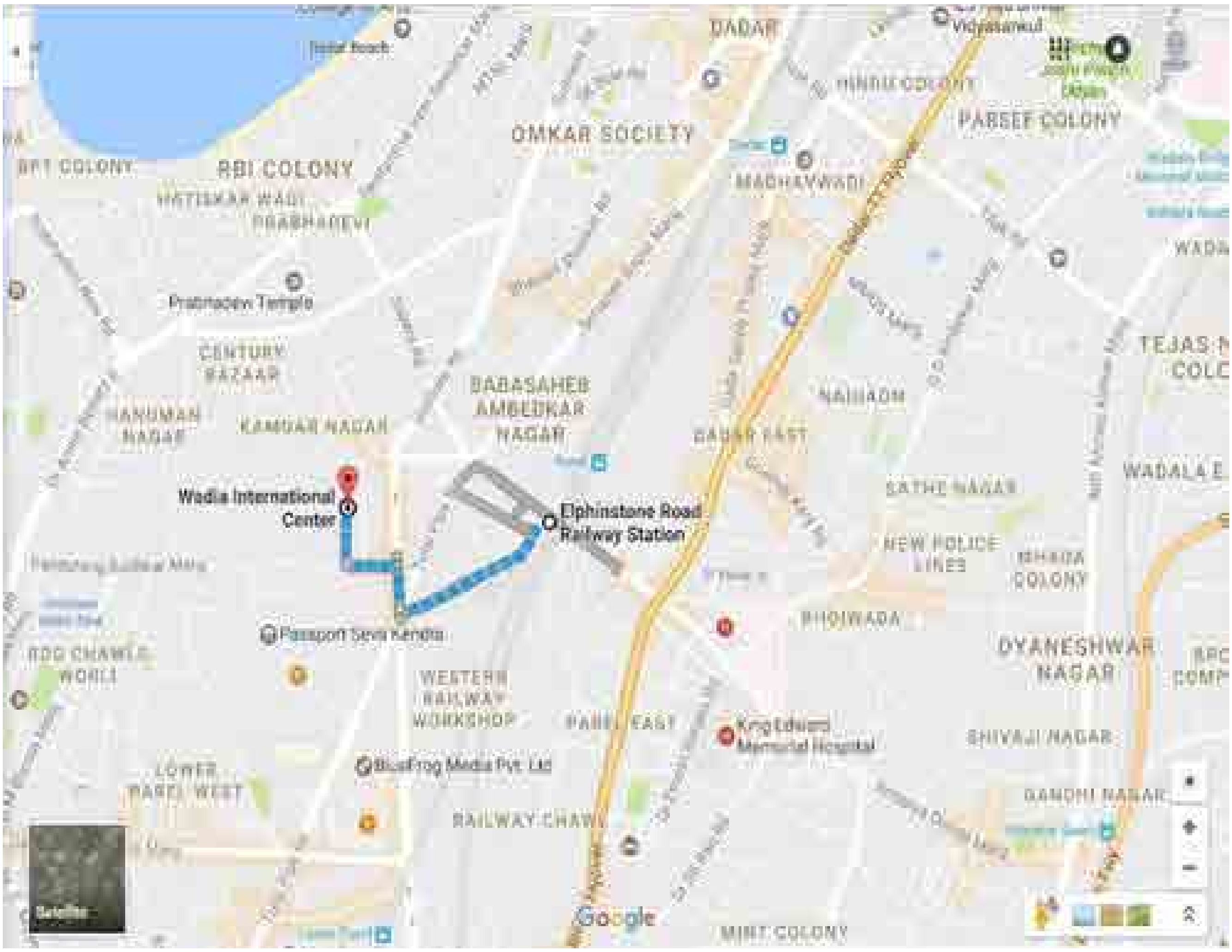
Note:

1. **Please complete and sign this attendance slip and handover at the entrance of the meeting hall.**

2. **Only member(s) or his/her/their proxy with this attendance slip will be allowed entry to the meeting.**

Annexure C

Route map of Venue of Annual General Meeting of Axis Finance Limited to be held on June 6, 2023



Independent Auditors' Report

To the Members of
Axis Finance Limited

Report on the audit of the Ind AS Financial Statements

Opinion

1. We have audited the accompanying Ind AS Financial Statements ("Financial Statements") of Axis Finance Limited (hereinafter referred as "the Company"), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013, as amended ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit of the Financial Statements in accordance with the Standards on Auditing ("SAs"), as specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") 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 obtained by us is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 Auditors' responsibilities for the audit of the 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 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 Financial Statements.

<table>
<tr><th>Sr. No</th><th>Key Audit Matter</th><th>How the Key Audit Matter was addressed in our audit</th></tr>
<tr><td>1</td><td colspan="2">Expected Credit Loss (ECL) on Loans and Advances and Investments</td></tr>
<tr><td></td><td>Ind AS 109: Financial Instruments (“Ind AS 109”) requires the Company to provide for impairment of its Loan and Advances and Investments (“Financial Instruments”) using the Expected Credit Losses (“ECL”) approach. ECL involves an estimation of probability-weighted loss on Financial Instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company’s loans and advances and Investments.

In the process, a significant degree of judgement has been applied by the management for:

a) Defining qualitative/ quantitative thresholds for ‘significant increase in credit risk’ (“SICR”) and ‘default’ categorically for corporate portfolio, wherein Company’s credit risk function also segregates loans with specific risk characteristics based on trigger events identified using sufficient and credible information available from internal sources supplemented by external data. Impairment allowance for these exposures are reviewed and accounted on a case by case basis.

b) Determining effect of less frequent past events on future probability of default

c) Grouping of borrowers based on homogeneity by using appropriate statistical techniques

d) Determining macro-economic factors impacting credit quality of receivables

e) Data inputs - The application of ECL model requires inputs from several data sources</td><td>Our Audit Approach:

Our audit approach was a combination of test of internal controls and substantive procedures which included the following:

a) Evaluating the Company’s policies, as approved by the Board of Directors, for impairment of Financial Instruments and assessing compliance with the policies in terms of Ind AS 109: Financial Instruments.

b) Obtained an understanding of the modelling techniques / model adopted by the Company including the key inputs and assumptions including management overlays

c) Evaluated the reasonableness of the management estimates by analysing the underlying assumptions and testing of controls around data extraction / validation.

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

e) Assessed the additional considerations applied by the management to conclude that there is “Significant increase in credit risk” or that event of “Default” has occurred.

f) Tested the ECL model, including assumptions, underlying computation and computation of ECL provision performed by the Company on sample basis to assess the arithmetical accuracy and compliance with requirements of Ind – AS 109.

g) We also made management enquiries with respect to the overlay quantum.

h) Discussed with the management, the approach, interpretation, systems and controls implemented in relation to probability of default and stage-wise bifurcation of product-wise portfolios for timely ascertainment of stress and early warning signals.

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

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
2	Information Technology (IT) Systems and Controls	
	The Company's key financial accounting and reporting processes are highly dependent on the automated controls over the Company's information systems, such that there exists a risk that gaps in the IT general control environment could result in a misstatement of the financial accounting and reporting records. Accordingly, we have considered user access management, segregation of duties and controls over system change over key financial accounting and reporting systems, as a key audit matter	**Our Audit Approach:** With the assistance of our IT specialists, we obtained an understanding of the Company's IT applications, databases and operating systems relevant to financial reporting and the control environment. Our audit approach was a combination of test of internal controls and substantive procedures on the areas of the IT infrastructure, which majorly focused access security (including controls over privileged access), program change controls, database management and network operations. In particular, our activity included the following: **General IT controls design, observation and operation:** – Understood the changes made in the IT environment during the year and ascertained its effect on the financial statements controls and accounts. – 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 – Our tests also included testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materiality impact the Financial Statements.

Information Other than the Financial Statements and Auditors' Report thereon

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

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

7. In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained 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.

Management's Responsibility for the Financial Statements

8. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

    12.1 Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    12.2 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) the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls in place and the operating effectiveness of such controls.

    12.3 Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

    12.4 Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

12.5 Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

13. 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.

14. 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.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' 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.

Other Matter

16. The Financial Statements includes comparative financial information of the Company for the year ended March 31, 2022 which were audited by Singhi & Co., one of the Joint Auditors, where they have expressed an unmodified opinion vide report dated April 14, 2022. Accordingly, we, do not express any opinion, as the case may be, on the figures reported in the statements for the year ended March 31, 2022.

    Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

17. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

    18.1 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.

    18.2 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.

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

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

    18.5 On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors in the meeting dated April 13, 2023, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

18.6 With respect to the adequacy of the internal financial controls with reference to these Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".

18.7 In our opinion, the managerial remuneration for the year ended March 31, 2023 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.

19. With respect to the other matters to be included in the Auditors' 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, we report as under:

19.1 The Company has disclosed the impact of pending litigations as at March 31, 2023 on its financial position in its Ind AS Financial Statements – Refer Note 34 to the Financial Statements;

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

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

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

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

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

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

19.6 As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 relating to audit trail feature of the Company's accounting software is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under Clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 is not applicable for the current year.

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

Shweta Singhal
Partner
Membership No. 414420
UDIN: 23414420BGVLGT1209
Place: Mumbai
Date: April 13, 2023

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No: 040852
UDIN: 23040852BGUQZG6317
Place: Mumbai
Date: April 13, 2023

Annexure A

referred to in paragraph 17 of the Independent Auditors Report of even date to the members of Axis Finance Limited (the "Company") in the Financial Statements as of and for the year ended March 31, 2023 under the heading "Report on other Legal and Regulatory requirements".

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

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

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

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

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

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

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

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

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

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

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

(c) In respect of the loans given and advances in the nature of loans, the Company has stipulated the schedule of repayment of principal and payment of interest. However, given the nature of business of the Company being a Non – Banking Finance Company, there are some cases during the year and as at March 31, 2023 wherein the amounts were overdue vis-à-vis stipulated terms.

(d) In respect of loans granted and advances in the nature of loans, provided by the Company, the total amount overdue for more than ninety days as on March 31, 2023 is as under:

No. of Cases	Principal Amount Overdue # (₹ in lakh)	Interest Overdue (₹ in lakh) #	Total Overdue (₹ in lakh)	Remarks (if any)
8,227	10,518.59	1,025.75	11,544.34	NA

#excludes the amount written off.

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

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

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

iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments, provided guarantees or securities given in contravention with the provisions of the Section 185 of the Act. The Company has complied with the provisions of Section 186(1) of the Act; the other provisions of Section 186 of the Act are not applicable to the Company.

v. According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits as at March 31, 2023 to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the Rules framed thereunder apply. Accordingly, reporting under paragraph 3(v) of the order is not applicable to the Company.

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

vii. In respect of statutory dues:

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

There were no undisputed amounts payable in respect of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues in arrears as at March 31, 2023, for a period of more than six months from the date they became payable.

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

Name of the Statue	Nature of Dues	Amount (₹ in lakh)	Period to which the amount relates	Forum where the disputes are pending
Income Tax	Income Tax Demand	70.87	Assessment Year 2012-13 Assessment Year 2016-17	Commissioner of Income Tax (Appeals)
Income Tax		147.14	Assessment Year 2016-17	Income Tax Appellate Tribunal (ITAT)
Income Tax		524.60	Assessment Year 2017-18 Assessment Year 2018-19	Commissioner of Income Tax (Appeals)

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

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

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

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

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

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

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

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

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

xi. (a) Based upon the audit procedures performed and according to the information and explanations given by the management, there were 7 instances of fraud on the Company by its customers amounting to ₹28.39 lakh as disclosed in Note no. 52 to the Financial Statements. We did not come across any other instances of fraud by the Company.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.

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

xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.

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

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

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

xvi. (a) The Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934).

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

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

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

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

xviii. There has been no resignation of the statutory auditor during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

xix. According to the information and explanations given to us and on the basis of the financial ratios disclosed in Note 41, 41A and 44 to the Financial Statements, ageing and expected dates of realisation of financial assets and payment of financial liabilities, undrawn credit lines, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

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

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in Note 29 to the Financial Statements.

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

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

Shweta Singhal
Partner
Membership No. 414420
UDIN: 23414420BGVLGT1209
Place: Mumbai
Date: April 13, 2023

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No: 040852
UDIN: 23040852BGUQZG6317
Place: Mumbai
Date: April 13, 2023

Annexure B

(Referred in paragraph 18.6 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

Opinion

We have audited the internal financial controls with reference to the financial statements of **AXIS FINANCE LIMITED** ("**the Company**") as of March 31, 2023 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023 based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to the financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the financial statements included obtaining an understanding of internal financial controls with reference to the financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to the financial statements

A Company's internal financial control with reference to the financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to the financial statements includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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 The Financial Statements

Because of the inherent limitations of internal financial controls with reference to the financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the financial statements to future periods are subject to the risk that the internal financial control with reference to the financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

Shweta Singhal
Partner
Membership No. 414420
UDIN: 23414420BGVLGT1209
Place: Mumbai
Date: April 13, 2023

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No: 040852
UDIN: 23040852BGUQZG6317
Place: Mumbai
Date: April 13, 2023

Balance Sheet

as at March 31, 2023

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

Particulars	Note	As at March 31, 2023	As at March 31, 2022
ASSETS			
Financial Assets			
Cash and cash equivalents	4	75,516.06	34,585.53
Bank balance other than cash and cash equivalents	4a	-	183.13
Derivative financial instruments	13	-	407.28
Receivables	5		
a) Trade Receivables		13.88	601.98
b) Other Receivables		-	-
Loans	6	22,00,624.96	16,08,309.70
Investments	7	90,932.59	68,923.83
Other financial assets	8	13,630.24	1,075.45
Sub-total-Financial Assets		**23,80,717.73**	**17,14,086.90**
Non-Financial Assets			
Current Tax Assets (net)	9	7,465.77	3,261.56
Deferred Tax Assets (net)	9	7,972.24	8,811.62
Property, plant and equipment	10	612.89	414.11
Intangible assets under development	11	13.44	252.16
Other Intangible Assets	11	1,375.47	1,320.65
Right-of-use assets	39	1,584.80	2,457.14
Other non-financial assets	12	983.37	1,037.60
Sub-total-Non-Financial Assets		**20,007.98**	**17,554.84**
Total - Assets		**24,00,725.71**	**17,31,641.74**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables	14		
i) Trade Payables			
a) total outstanding dues to micro and small enterprises		-	18.62
b) total outstanding dues of creditors other than micro and small enterprises		208.49	409.87
ii) Other Payables			
a) total outstanding dues to micro and small enterprises		269.47	239.04
b) total outstanding dues of creditors other than micro and small enterprises		3,381.30	1,650.63
Debt securities	15	7,96,355.45	8,25,213.20
Borrowings (Other than debt securities)	16	10,50,807.34	5,49,456.66
Subordinated Liabilities	17	1,53,020.77	98,956.16
Lease Liabilities	39	1,658.52	2,612.55
Other financial liabilities	18	70,668.81	28,602.83
Sub-total-Financial Liabilities		**20,76,370.15**	**15,07,159.56**
Non-Financial liabilities			
Current tax liabilities (net)	9	3,364.94	2,418.79
Provisions	19	2,928.78	1,986.48
Other non-financial liabilities	20	904.75	964.16
Sub-total-Non-Financial Liabilities		**7,198.47**	**5,369.43**
Total-liabilities		**20,83,568.62**	**15,12,528.99**
EQUITY			
Equity share capital	21	59,081.39	53,851.25
Other equity	22	2,58,075.70	1,65,261.50
Total - Equity		**3,17,157.09**	**2,19,112.75**
Total - Liabilities and Equity		**24,00,725.71**	**17,31,641.74**
Significant accounting policies and notes to the financial statements	2-85		

The accompanying notes form an integral part of the financial statements

As per our attached report of even date

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

For B.K.Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

Shweta Singhal
Partner
Membership No.: 414420
Place of Signature: Mumbai
Date: April 13, 2023

Aniruddha Joshi
Partner
Membership No.: 040852
Place of Signature: Mumbai
Date: April 13, 2023

For and on behalf of the board of Axis Finance Limited

Amitabh Chaudhry
Chairman
DIN No: 00531120

Bipin Kumar Saraf
Managing Director
DIN No: 06416744

Amith Iyer
Chief Financial Officer
Membership No: 51849

Rajneesh Kumar
Company Secretary
Membership No: A31230
Date: April 13, 2023

Statement of Profit and Loss

for the year ended March 31, 2023

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

Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations			
Interest Income	23	2,13,624.87	1,37,223.20
Fees and commission Income	23a	4,325.83	624.94
Net gain on fair value changes	24	575.39	2,434.74
Net gain/(loss) on derecognition of financial instruments under amortised cost category		14,132.15	3,055.01
Total Revenue from operations		**2,32,658.24**	**1,43,337.89**
Other Income		-	-
Total income		**2,32,658.24**	**1,43,337.89**
Expenses			
Finance Costs	25	1,19,638.64	69,735.55
Impairment on financial instruments	26	6,534.16	7,287.83
Employee benefits expenses	27	19,250.00	13,495.12
Depreciation, amortisation and impairment	28	1,556.74	1,019.27
Others expenses	29	8,336.99	5,396.93
Total expenses		**1,55,316.53**	**96,934.70**
Profit before exceptional items and tax		**77,341.71**	**46,403.19**
Exceptional Items		-	-
Profit before taxes		**77,341.71**	**46,403.19**
Tax expenses			
- Current Tax		18,638.61	13,006.87
- Deferred Tax		792.95	(1,237.62)
Profit for the year		**57,910.15**	**34,633.94**
Other Comprehensive Income			
(A) Items that will not be reclassified to profit and loss			
- Re-measurements of net defined benefit plans		190.84	(4.06)
- Income tax impact		48.03	(1.02)
Sub-total (A)		**142.81**	**(3.04)**
(B) Items that will be reclassified to profit and loss			
- Fair value changes on derivative designated as cash flow hedge		(6.39)	6.39
- Income tax impact		(1.61)	1.61
Sub-total (B)		**(4.78)**	**4.78**
Other Comprehensive Income/(Loss) (A+B)		**138.03**	**1.74**
Total Comprehensive Income for the year		**58,048.18**	**34,635.68**
Paid-up Equity share capital (Face Value of ₹10 each)		**59,081.39**	**53,851.25**
Earnings per equity share			
Basic (₹)		10.12	7.08
Diluted (₹)		10.12	7.08
Significant accounting policies and notes to the financial statements	2-85		

The accompanying notes form an integral part of the financial statements

As per our attached report of even date

For and on behalf of the board of Axis Finance Limited

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

For B.K.Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

Amitabh Chaudhry
Chairman
DIN No: 00531120

Bipin Kumar Saraf
Managing Director
DIN No: 06416744

Shweta Singhal
Partner
Membership No.: 414420
Place of Signature: Mumbai
Date: April 13, 2023

Aniruddha Joshi
Partner
Membership No.: 040852
Place of Signature: Mumbai
Date: April 13, 2023

Amith Iyer
Chief Financial Officer
Membership No: 51849

Rajneesh Kumar
Company Secretary
Membership No: A31230
Date: April 13, 2023

Statement of Cash Flows

for the year ended March 31, 2023

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A. Cash flow from operating activities		
Profit before tax	**77,341.71**	**46,403.19**
Adjustments for:		
Depreciation, amortisation and impairment (other than right-of-use assets)	767.60	626.35
Depreciation expense of right-of-use assets	787.09	392.93
Net gain on fair value changes	(575.39)	(2,434.74)
Impairment on financial instruments	6,534.16	7,287.83
Employee Stock Option	59.54	284.63
Interest on Lease deposit	(35.95)	(10.93)
Amortisation of Lease rental	39.10	14.54
Provision for expenses	1,761.10	1,150.68
Provision for Employee Benefit expense	942.30	686.88
Interest income from investments (at amortised cost)	(5,978.96)	(5,497.77)
Interest income from investments (FVTPL)	(1,658.67)	(202.25)
Operating profit before working capital changes	**79,983.63**	**48,701.34**
Movement in working capital:		
Decrease/(increase) in Bank Deposits	183.13	(8.60)
Decrease/(increase) in Derivative financial instruments	407.28	(407.28)
Decrease/(increase) in Trade Receivables	588.09	(77.04)
Decrease/(increase) in Loans	(5,98,786.69)	(6,07,482.68)
Decrease/(increase) in Other financial assets	(12,557.94)	(859.62)
Decrease/(increase) in Right-of-use assets	85.25	(1,163.06)
Decrease/(increase) in Other non-financial assets	54.23	(680.89)
(Decrease)/increase in Lease Liabilities	(243.19)	1,114.70
(Decrease)/increase in Trade Payables	680.95	1,126.98
(Decrease)/increase in Other financial liabilities	42,926.13	21,791.99
(Decrease)/increase in Provisions	(1,570.27)	(1,154.74)
(Decrease)/increase in Other non-financial liabilities	(65.80)	104.45
Cash generated from operations	**(4,88,315.20)**	**(5,38,994.45)**
Income tax paid	(21,896.67)	(9,518.70)
Net cash flow from operating activities (A)	**(5,10,211.87)**	**(5,48,513.15)**
B. Cash flow from investing activities		
Interest income from investments (at amortised cost)	8,117.62	5,812.47
Interest income from investments (FVTPL)	1,609.26	202.25
Sale of Intangibles	18.00	-
Purchase for Intangibles	(384.99)	(589.32)
Purchase of Property, plant and equipment	(415.49)	(377.94)
Sale of investment at Amortised Cost	20,791.00	15,34,111.37
Purchase of investment at Amortised Cost	(38,329.83)	(15,48,524.09)
Proceeds from sale of investment at FVTPL	2,91,295.57	56,395.65
Purchase of investment at FVTPL	(2,97,342.14)	(18,949.95)
Net cash flow from investing activities(B)	**(14,640.99)**	**28,080.44**
C. Cash flow from financing activities		
Increase/(decrease) in Debt securities	(28,857.75)	36,315.18
Increase/(decrease) in Borrowings (Other than debt securities)	5,01,350.75	4,34,976.01
Increase/(decrease) in Subordinated Liabilities	54,064.61	38,966.11
Proceeds from issue of Equity Shares (net of share issue expenses)	39,936.62	39,944.38
Payment towards Lease Liability	(710.84)	(251.24)
Net cash flow from financing activities(C)	**5,65,783.39**	**5,49,950.44**

Statement of Cash Flows

for the year ended March 31, 2023

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net increase/(decrease) in cash and equivalents(A+B+C)	**40,930.53**	**29,517.73**
Cash and cash equivalents at the beginning of the year	**34,585.53**	**5,067.80**
Cash and cash equivalents at the end of the year	**75,516.06**	**34,585.53**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash	-	-
Balance with banks	45,536.59	14,585.53
Investment in highly liquid securities	29,979.47	20,000.00
Total	**75,516.06**	**34,585.53**

Additional disclosure pursuant to IND AS 7

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening balance of Debt Securities, borrowings (other than debt securities) and subordinated liabilities including interest accrued	**14,73,626.02**	**9,63,368.79**
Cash flows	5,26,557.61	5,10,257.31
Fair value adjustments	-	(0.08)
Interest accrued on borrowings	-	-
Acquisitions	-	-
Closing balance of Debt Securities, borrowings (other than debt securities) and subordinated liabilities	**20,00,183.63**	**14,73,626.02**

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

Operational cash flows from interest	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest paid	1,21,778.02	81,331.35
Interest received	2,06,538.73	1,40,916.32

2. The above statement of cash flow has been prepared under the indirect method as set out in Ind AS 7 Statement of Cash Flows.

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

The accompanying notes form an integral part of the financial statements

As per our attached report of even date

For and on behalf of the board of Axis Finance Limited

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

For B.K.Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

Amitabh Chaudhry
Chairman
DIN No: 00531120

Bipin Kumar Saraf
Managing Director
DIN No: 06416744

Shweta Singhal
Partner
Membership No.: 414420
Place of Signature: Mumbai
Date: April 13, 2023

Aniruddha Joshi
Partner
Membership No.: 040852
Place of Signature: Mumbai
Date: April 13, 2023

Amith Iyer
Chief Financial Officer
Membership No: 51849

Rajneesh Kumar
Company Secretary
Membership No: A31230
Date: April 13, 2023

Statement of Changes in Equity

for the year ended March 31, 2023

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

1. Equity Share Capital

Particulars	Balance at the beginning of the year	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance at the end of the year
As at March 31, 2022	48,225.00	-	-	5,626.25	**53,851.25**
As at March 31, 2023	53,851.25	-	-	5,230.14	**59,081.39**

1A. Other equity

Particulars	Reserves and Surplus					Other Comprehensive Income (OCI)		Total
	Statutory Reserve	Securities Premium	Retained Earnings	General Reserves	Deemed Capital Contribution	Remeasurement of Post Employment Benefit Obligations	Cash Flow Hedge Reserve	
Balance as at April 1, 2021	**25,054.00**	**28,217.50**	**41,888.44**	**33.04**	**865.68**	**(35.61)**	**-**	**96,023.05**
Profit for the year (a)	-	-	34,633.94	-	-	-	-	34,633.94
Items that will not be reclassified to profit and loss (b)	-	-	-	-	-	(3.04)	-	(3.04)
Items that will be reclassified to profit and loss (c)	-	-	-	-	-	-	4.78	4.78
Total Comprehensive Income for the year (a+b+c)	-	-	34,633.94	-	-	(3.04)	4.78	34,635.68
Securities Premium received on issue of shares	-	34,320.16	-	-	-	-	-	34,320.16
Utilisation during the year against share issue expense	-	(2.02)	-	-	-	-	-	(2.02)
Dividend including DDT	-	-	-	-	-	-	-	-
Transfer to/from retained earnings	6,930.00	-	(6,930.00)	-	-	-	-	-
Employee Stock Option	-	-	-	-	284.63	-	-	284.63
Balance as at March 31, 2022	**31,984.00**	**62,535.64**	**69,592.38**	**33.04**	**1,150.31**	**(38.65)**	**4.78**	**1,65,261.50**
Profit for the year (a)	-	-	57,910.15	-	-			57,910.15
Items that will not be reclassified to profit and loss (b)	-	-		-	-	142.81	-	142.81
Items that will be reclassified to profit and loss (c)	-	-	-	-	-	-	(4.78)	(4.78)
Total Comprehensive Income for the year (a+b+c)	-	-	57,910.15	-	-	142.81	(4.78)	58,048.18
Securities Premium received on issue of shares	-	34,713.04	-	-	-	-	-	34,713.04
Utilisation during the year against share issue expense	-	(6.56)	-	-	-	-	-	(6.56)
Dividend including DDT	-	-	-	-	-	-	-	-
Transfer to/from retained earnings	11,583.00	-	(11,583.00)	-	-	-	-	-
Employee Stock Option	-	-	-	-	59.54	-	-	59.54
Balance as at March 31, 2023	**43,567.00**	**97,242.12**	**1,15,919.53**	**33.04**	**1,209.85**	**104.16**	**-**	**2,58,075.70**

The accompanying notes form an integral part of the financial statements

As per our attached report of even date

For and on behalf of the board of Axis Finance Limited

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

For B.K.Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

Amitabh Chaudhry
Chairman
DIN No: 00531120

Bipin Kumar Saraf
Managing Director
DIN No: 06416744

Shweta Singhal
Partner
Membership No.: 414420
Place of Signature: Mumbai
Date: April 13, 2023

Aniruddha Joshi
Partner
Membership No.: 040852
Place of Signature: Mumbai
Date: April 13, 2023

Amith Iyer
Chief Financial Officer
Membership No: 51849

Rajneesh Kumar
Company Secretary
Membership No: A31230
Date: April 13, 2023

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

2. Corporate information

Axis Finance Limited is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company is a Systemically Important Non Deposit taking Non-Banking Financial Company ('NBFC') as defined under section 45-IA of the Reserve Bank of India ('RBI') Act, 1934 with effect from September 12, 2011, holding Certificate of Registration No "N-13.02001".

The Company is mainly engaged in the business of financing activities. The Company is a wholly-owned subsidiary of Axis Bank Ltd. The Company's registered office is at Ground floor, Axis House, C-2 Wadia International Centre, P.B. Marg, Worli, Mumbai – 400025. Company's Debt securities are listed at BSE Limited.

These Financial Statements for the year ended March 31, 2023 have been approved and authorised for issue by the Board of Directors of the Company at it's meeting held on April 13, 2023.

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

(i) Compliance with Ind AS

The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, to be read with Section 133 of the Companies Act, 2013 ('Act') and relevant amendments rules issued thereafter.

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

(ii) Historical Cost Convention

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

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

2.2 Functional and presentation currency

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

2.3 Presentation of financial statements

The Balance Sheet, the Statement of Changes in Equity and the Statement of Profit and Loss are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for NBFCs that are required to comply with Ind AS. The Statement of Cash Flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

2.4 Offsetting

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

2.5 Use of Estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities) and disclosures as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are recognised in the periods in which the Company becomes aware of the changes in circumstances surrounding the estimates. Any revisions to accounting estimates are recognised prospectively in the period in which the estimate is revised and future periods. The critical estimates and judgements that have significant impact on the carrying amount of the assets and liabilities at each Balance Sheet date are enumerated in Note 3.18.

3. Significant accounting policies

3.1 Financial instruments

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

3.1.1 Date of recognition and initial measurement

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

3.1.2 Initial recognition, classification and subsequent measurement of financial assets

Based on the Business Model, the contractual characteristics of the financial assets and specific elections where appropriate, the 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)

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Financial asset is carried at amortised cost,

A financial asset is measured at amortised cost if it meets both the following conditions :

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).

After initial measurement and based on the assessment of the business model as asset held to collect contractual cash flows and SPPI, such financial assets are subsequently measured at amortised cost using effective interest rate ('EIR') method. Interest income and impairment expenses are recognised in statement of profit and loss. Interest income from these financial assets is included in finance income using the EIR method. Any gain and loss on derecognition is also recognised in statement of profit and loss.

The EIR method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at fair value through other comprehensive income

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.

Financial assets included within the FVOCI category are measured subsequently at each reporting date at fair value. Interest income and impairment loss are recognised in the statement of profit and loss. Fair value movements on subsequent measurement are recognised in the OCI.

Financial assets at fair value through profit and loss

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

Financial assets included within the FVTPL category are measured subsequently at each reporting date at fair value. Net gain or loss, including interest and other income are recognised in the Statement of Profit and Loss.

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.

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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 classifies 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)

3.1.3 Initial measurement, classification and subsequent measurement of Financial Liabilities and Equity Instruments

The Company classifies these instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the face value and proceeds received in excess of the face value are recognised as securities premium.

Financial liabilities

The Company's borrowings include bonds, commercial paper, borrowings from banks, etc. Debt securities issued, subordinated liabilities and other borrowings are initially measured at fair value less directly attributable transaction costs and subsequently measured at their amortised cost using the EIR method.

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

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Undrawn loan commitments are not recorded in the balance sheet. However, these financial instruments are in the scope of expected credit loss ('ECL') calculation

3.1.4 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.

3.1.5 Reclassification of Financial Assets and Financial Liabilities

Financial assets are not reclassified subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line or in the period the Company changes its business model for managing financial assets. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the changes in the business model that results in reclassification.

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.

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

3.1.6 Impairment of Financial Assets

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

The ECL allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case the allowance is based on the 12 months' expected credit loss. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

At the end of each reporting period, the Company performs an assessment of whether the loan's / investment's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the asset. This includes both quantitative and qualitative information and analysis based on a provision matrix which takes into account the Company's historical credit loss experience, current economic condition, forward looking information and scenario analysis.

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

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

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

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

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

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

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

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months' expected credit loss.

Stage 2: When a loan has shown significant increase in credit risk since origination, the Company records an allowance for the life time expected credit loss.

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

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Credit – impaired Financial Assets

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

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

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

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

Significant Increase in Credit Risk

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

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

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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 30).

Offsetting of Financial Instruments

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

Write Off

Loans and Debt Securities are written off when the company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts, subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to the financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains and will be recognised in the Statement of Profit and Loss.

3.1.7 Derivative financial instruments

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

Cash Flow Hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

Fair Value Hedges

Fair value hedges hedge the exposure to changes in the fair value of a recognised asset or liability, or an identified portion of such an asset, liability, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in Finance Costs. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in Finance Cost.

The Company classifies a fair value hedge relationship when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationship is fixed rate debt issued and other borrowed funds. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the Company discontinues hedge accounting from the date on which the qualifying criteria are no longer met. For hedged items recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item on termination of the hedge accounting relationship is amortised over the remaining term of the original hedge using the recalculated EIR method by recalculating the EIR at the date when the amortisation begins. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit and loss.

3.2 Fair Value Measurement

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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

Notes

forming part of financial statement for the year ended March 31, 2023

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

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.

3.3 Property, plant and equipment ('PPE')

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

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate only if it is probable that the expenditure incurred with increase the future economic benefits / functionality capability of the asset 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 and resulting gain / loss, if any, is recognised in other income / expenses in the Statement of Profit and Loss in the year the asset is derecognised. All other repair and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation, estimated useful life and residual value

The 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 period 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. 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 amortisation on its Property, plant and equipment.

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

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

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Consequently, the useful life of certain vehicles and software differ from the life prescribed in Schedule II of the Act. Vehicles are depreciated over the estimated useful life of 4 years which is lower than those indicated in schedule II.

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

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

3.4 Other Intangible Assets and Amortisation

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

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

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

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

3.5 Impairment of Assets

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

A previously 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

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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.

3.6 Recognition of Revenue

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

The Company 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.

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

3.6.1 Interest Income

Interest income on a financial asset at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ('EIR'). The EIR is the rate that exactly discounts estimated future cash flows of the financial asset through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The internal rate of return on financial asset after netting off the fees received and cost incurred approximates the effective interest rate method of return for the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs).

3.6.2 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.

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

3.6.3 Fees and Commission Income

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

3.6.4 Net gain on Fair value changes

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

3.6.5 Income from Direct assignment

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of Excess Interest Spread (EIS). The future EIS basis the expected cash flows on the execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss.

3.6.6 Upfront servicers fees booked on direct assignment

Servicer fees receivable for servicing loan contracts under direct assignment are discounted at the applicable rate entered into with the assignee and recognised upfront in the balance sheet and amortised on an actual cash flow basis over the contractual terms.

3.7 Cash and cash equivalents

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

3.8 Foreign Currency Transactions

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

3.9 Provisions and Contingent liabilities

Provisions 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.

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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.

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

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

3.10 Finance costs

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

3.11 Employee Benefits

Short-term employee benefits

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

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

Provident Fund

Retirement benefit in the form of provident fund is defined contribution scheme. The Company recognises contribution payable to provident fund scheme as expenditure, when an employee renders the related service.

ESIC and Labour welfare Fund (LWF)

The Company's contribution paid / payable during the year to ESIC and LWF are recognised in the Statement of Profit and Loss.

Gratuity

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

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

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

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

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

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

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

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

Share based payments

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

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

However, for the options granted post FY 2020 (with effect from July 1, 2021), the Parent Bank had started recovering the cost from the Company.

3.12 Other Income and Expenses

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

3.13 Leases

The Company as a lessee

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

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

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

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

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

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

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

3.14 Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or services is not recoverable from the tax 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. The net amount of tax recoverable from, or payable to, the tax authority is included as part of receivables or payables, respectively, in the balance sheet.

3.15 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.

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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 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.

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.

3.16 Earnings Per Share

Basic Earnings per share (EPS) is calculated by dividing the net profit or loss for the year attributable to Equity Shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the EPS is the net profit for the year and any attributable tax thereto for the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year 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.

3.17 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.

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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.

3.18 Statement of Cash Flows

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

3.19 Segment Reporting

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

3.20 Significant accounting judgments, estimates and assumptions

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

Judgments

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

a) Business model assessment

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

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

b) Fair Value of Financial instruments

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

c) Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

d) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes which can result in different levels of allowances. It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary. The impairment loss on loans and advances is disclosed in more detail in Note 30.

e) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and proceedings in the ordinary course of the Company's business. When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

f) Deferred Tax

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

g) Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

3.21 Standards / amendments to Standards issued but not yet effective:

Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2023. The effective date for adoption of these amendments is annual period beginning on or after April 1, 2023.

The amendments are as below:-

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements. The Company is evaluating its material accounting policies which will be disclosed as a part of financial statements from the date of application of this amendment.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. At present deferred tax is recognised by the Company on such transactions. The Company expect that this amendment will not have any impact.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The amendment has also introduced a definition of “accounting estimates”. The Company has disclosed all estimates considered in its financial statements. Further the Company will evaluate the material estimates used in preparation of financial statements and shall be disclosed as a part of financial statements from the date of application of this amendment.

3.22 Assessment of COVID - 19 Impact

The Covid 19 pandemic which impacted business and economies across the world over last two years, continues to pose uncertainties even till date. The management has evaluated the actual and potential impact of the pandemic on its Financial Statements.

The Company holds adequate impairment allowance as at March 31, 2023 against potential impact of COVID-19 based on the information available at this point in time. The impairment allowance held by the Company is in excess of the RBI prescribed norms. Based on the internal assessment undertaken, the Company believes it has sufficient liquidity to honour its liabilities due over the next 12 months.

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

4 Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	-	-
Balances with banks	45,536.59	14,585.53
Investment in highly liquid securities	29,979.47	20,000.00
Total	**75,516.06**	**34,585.53**

4a Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed Deposits with Bank	-	183.13
Total	**-**	**183.13**

5 Receivables

Particulars	As at March 31, 2023	As at March 31, 2022
a) Trade Receivables considered good – Unsecured		
- Related parties	-	552.30
- Others	13.88	49.68
b) Other Receivables considered good – Unsecured	-	-
Total Receivables	13.88	601.98
Less: Impairment loss allowance	-	-
Total	**13.88**	**601.98**

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

Note: For ageing please refer Note 65

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

5a Receivables ageing as at March 31, 2023

Particulars	Outstanding for following periods from due date of payment#					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good, Unsecured	13.88	-	-	-	-	**13.88**
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

Receivables ageing as at March 31, 2022

Particulars	Outstanding for following periods from due date of payment#					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good, Unsecured	601.98	-	-	-	-	**601.98**
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

#The ageing of the receivable is determined from the date of the transaction

6 Loans

Particulars	As at March 31, 2023	As at March 31, 2022
(1) Term Loans at amortised cost	22,10,443.13	16,16,865.53
(2) Loans repayable on demand at amortised cost	20,016.92	19,420.16
	22,30,460.05	16,36,285.69
Less: Impairment loss allowance	(29,835.09)	(27,975.99)
Total	**22,00,624.96**	**16,08,309.70**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	As at March 31, 2023	As at March 31, 2022
(B) Out of above		
(i) Loans in India		
Loans to Public Sector	-	-
Loans to Others	22,30,460.05	16,36,285.69
	22,30,460.05	16,36,285.69
Less: Impairment loss allowance	(29,835.09)	(27,975.99)
Total	**22,00,624.96**	**16,08,309.70**
(ii) Loans outside India	-	-
Total (i+ii)	**22,00,624.96**	**16,08,309.70**
(C) Out of above		
1) Secured by tangible assets	17,96,377.78	13,12,519.64
2) Covered by Bank/Government Guarantees	38,603.06	44,930.90
3) Unsecured	3,95,479.21	2,78,835.15
Total Loans	**22,30,460.05**	**16,36,285.69**
Less: Impairment loss allowance	(29,835.09)	(27,975.99)
Total	**22,00,624.96**	**16,08,309.70**

Notes:-

1) Loans Include Interest accrued but not due

1) Loans to the extent of ₹18,34,980.85 lakhs (March 31, 2022: 13,57,450.54) 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 and / or
   (iv) Government guarantees
   (v) Pledge of shares and other financial securities.

2) There is no loan asset measured at FVOCI or FVTPL or designated at FVTPL.

3) There are no Loans or advances in the nature of loans are granted to promoters, Directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are: (a) repayable on demand or (b) without specifying any terms or period of repayment during the year ended March 31, 2023 (March 31, 2022: NIL).

4) Refer Note 30 for Credit quality of financial assets and Expected credit loss.

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

7 Investments

Particulars	As at March 31, 2023		
	Amortised Cost	At Fair value through Profit and Loss Account	Total
	1	2	(3=1+2)
Held for Trading Investments (In India)			
Quoted			
Investment in Government Securities	-	2,535.16	2,535.16
Investment in Debt Securities	-	4,587.70	4,587.70
Held till Maturity Investments (In India)			
Quoted			
Investment in Government Securities	44,856.33	-	44,856.33
Investment in Debt Securities	10,327.90	-	10,327.90
Unquoted			
Investment in Debt Securities	28,800.00		28,800.00
Total – Gross (A)	**83,984.23**	**7,122.86**	**91,107.09**
Less: Impairment loss allowance (B)	174.50	-	174.50
Total – Net (A-B)	**83,809.73**	**7,122.86**	**90,932.59**

1) There is no investment measured at FVOCI or designated at FVOCI.

2) There are no investment outside India

Particulars	As at March 31, 2022		
	Amortised Cost	At Fair value through Profit and Loss Account	Total
	1	2	(3=1+2)
Held till Maturity Investments (In India)			
Quoted			
Investment in Government Securities	44,314.05	-	44,314.05
Unquoted			
Investment in Debt Securities	24,721.50	-	24,721.50
Total – Gross (A)	**69,035.55**	**-**	**69,035.55**
Less: Impairment loss allowance (B)	111.72	-	111.72
Total – Net (A-B)	**68,923.83**	**-**	**68,923.83**

1) There is no investment measured at FVOCI or designated at FVOCI.

2) There are no investment outside India

8 Other financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Security Deposits	885.71	371.47
Advance Rental	88.15	90.95
Excess Interest Spread	12,071.03	-
Other Assets*	585.35	613.03
Total	**13,630.24**	**1,075.45**

*It includes prepayment of ₹414.33 lakhs (March 31, 2022 : ₹74.95 lakhs)

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

9 Deferred taxation and Income Tax:

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

Deferred Tax Asset/(Liability)	As at March 31, 2023	As at March 31, 2022
Depreciation	(115.49)	(118.52)
Unamortised Processing Fees	634.58	1,822.41
Lease and Deposit Fair Value	26.06	46.52
Fees on Loans Undisbursed	-	246.70
NCD Interest accrued and transaction cost	(220.77)	(267.64)
Term Loan at Amortised Cost	43.69	-
Fair Value of Investments	63.55	54.44
EIR Adjustment on Interest income	(0.16)	(18.64)
Cash flow hedge reserve	-	(1.61)
Expected Credit Loss	7,508.87	7,040.99
Actuarial gain/loss on valuation of gratuity	31.91	6.97
Total	**7,972.24**	**8,811.62**

Movement of Deferred Tax Assets/(Liability)

For the year ended March 31, 2023

Deferred taxes in relation to	Deferred Tax Asset/ (Liability) as on April 1, 2022	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	Recognised directly in equity	Total movement	Deferred Tax Asset/ (Liability) Closing as on March 31, 2023
Deferred tax assets						
Unamortised Processing Fees	1,822.41	(1,187.83)	-	-	(1,187.83)	634.58
Lease and Deposit Fair Value	46.52	(20.46)	-	-	(20.46)	26.06
Fees on Loans Undisbursed	246.70	(246.70)	-	-	(246.70)	-
Fair Value of Investments	54.44	9.11	-	-	9.11	63.55
Expected Credit Loss	7,040.99	467.88	-	-	467.88	7,508.87
Actuarial gain/loss on valuation of gratuity	6.97	24.94	-	-	24.94	31.91
Deferred tax liabilities						
Depreciation	(118.52)	3.03	-	-	3.03	(115.49)
Cash flow hedge reserve	(1.61)	1.61	-	-	1.61	-
EIR Adjustment on Interest income	(18.64)	18.48	-	-	18.48	(0.16)
Term Loan at Amortised Cost	-	43.69	-	-	43.69	43.69
NCD Interest accrued and transaction cost	(267.64)	46.87	-	-	46.87	(220.77)
	8,811.62	**(839.38)**	**-**	**-**	**(839.38)**	**7,972.24**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

For the year ended March 31, 2022

Deferred taxes in relation to	Deferred Tax Asset/ (Liability) as on April 1, 2021	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	Recognised directly in equity	Total movement	Deferred Tax Asset/ (Liability) Closing as on March 31, 2022
Deferred tax assets						
Unamortised Processing Fees	1,595.16	227.25	-	-	227.25	1,822.41
Lease and Deposit Fair Value	16.19	30.33	-	-	30.33	46.52
Fees on Loans Undisbursed	327.43	(80.73)	-	-	(80.73)	246.70
Fair Value of Investments	82.23	(27.79)	-	-	(27.79)	54.44
Expected Credit Loss	5,948.38	1,092.61	-	-	1,092.61	7,040.99
Provision for Impairment on Trade Receivables	1.33	(1.33)	-	-	(1.33)	-
Actuarial gain/loss on valuation of gratuity	12.48	(5.51)	-	-	(5.51)	6.97
Deferred tax liabilities						
Depreciation	(91.25)	(27.27)	-	-	(27.27)	(118.52)
Fair Value gain/loss on MF	(0.15)	0.15	-	-	0.15	-
Cash flow hedge reserve	-	(1.61)	-	-	(1.61)	(1.61)
EIR Adjustment on Interest income	-	(18.64)	-	-	(18.64)	(18.64)
NCD Interest accrued and transaction cost	(316.59)	48.95	-	-	48.95	(267.64)
Term Loan at Amortised Cost	(0.62)	0.62	-	-	0.62	-
	7,574.59	**1,237.03**	**-**	**-**	**1,237.03**	**8,811.62**

The components of income tax expense are as under	For the year ended March 31, 2023	For the year ended March 31, 2022
Current Tax	18,638.61	13,006.87
Adjustment in respect of current income tax of prior years	-	-
Deferred tax relating to origination and reversal of temporary differences	792.95	(1,237.62)
Total tax charge	**19,431.56**	**11,769.25**
Current Tax	18,638.61	13,006.87
Deferred tax	792.95	(1,237.62)

Income Tax recognised in Other comprehensive income	For the year ended March 31, 2023	For the year ended March 31, 2022
Income tax relating to items that will not be reclassified to profit or loss	48.03	(1.02)
Income tax relating to items that will be reclassified to profit or loss	(1.61)	1.61
Total income tax recognised in other comprehensive income (debit)	**46.42**	**0.59**

Current Tax Assets (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Current Tax Assets (net of provision for income tax)	7,465.77	3,261.56

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Current tax liabilities (net)

Particulars	As at March 31, 2023	As at March 31, 2022
Current tax liabilities (net of advance income tax)	3,364.94	2,418.79

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax	77,341.71	46,403.19
Applicable income tax rate (%)	25.17	25.17
Income tax expense calculated at applicable income tax rate	19,465.37	11,678.75
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Difference other than temporary in nature on account of tax benefits and others	(33.81)	90.50
Income tax expense recognised in profit and loss	**19,431.56**	**11,769.25**
Effective tax rate for the period	25.12%	25.36%

10 Property, Plant and Equipment

Particulars	Computers	Office equipment	Furniture and fixtures	Leasehold Improvements	Vehicles	Land and Building	Total
Cost:							
As at April 1, 2021	**388.47**	**28.30**	**17.06**	**-**	**66.71**	**4.50**	**505.04**
Additions	259.68	16.82	57.40		44.03	-	377.93
Disposals	-	(0.10)	-		(42.51)	-	(42.61)
As at March 31, 2022	**648.15**	**45.02**	**74.46**	**-**	**68.23**	**4.50**	**840.36**
Additions	107.88	23.52	12.92	31.50	239.67	-	415.49
Disposals	-	-	-	-	-	-	-
As at March 31, 2023	**756.03**	**68.54**	**87.38**	**31.50**	**307.90**	**4.50**	**1,255.85**
Depreciation and impairment:							
As at April 1, 2021	**254.42**	**8.05**	**3.05**	**-**	**40.94**	**0.50**	**306.96**
Disposals	-	-	-	-	(42.51)	-	(42.51)
Depreciation charge for the year	136.53	6.40	4.07	-	14.72	0.08	161.80
As at March 31, 2022	**390.95**	**14.45**	**7.12**	**-**	**13.15**	**0.58**	**426.25**
Disposals	-	-	-	-	-	-	-
Depreciation charge for the year	149.55	10.80	8.07	0.53	47.68	0.08	216.71
As at March 31, 2023	**540.50**	**25.25**	**15.19**	**0.53**	**60.83**	**0.66**	**642.96**
Net book value:							
As at March 31, 2022	**257.20**	**30.57**	**67.34**	**-**	**55.08**	**3.92**	**414.11**
As at March 31, 2023	**215.53**	**43.29**	**72.19**	**30.97**	**247.07**	**3.84**	**612.89**

1) The Company does not have any benami properties as on reporting date.

2) The Company has not revalued any of its PPE during the year.

3) Title deeds of the immovable property (Land) is held in the name of the Company.

4) There is no charge on Land and Buildings.

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

11 Other Intangible Assets

Particulars	Software	Total
Computer software		
Cost:		
As at April 1, 2021	**1,693.38**	**1,693.38**
Additions	822.99	822.99
Disposals	-	-
As at March 31, 2022	**2,516.37**	**2,516.37**
Additions	623.71	623.71
Disposals	(18.00)	(18.00)
As at March 31, 2023	**3,122.08**	**3,122.08**
Accumulative amortisation and impairment:		
As at April 1, 2021	**731.21**	**731.21**
Disposals	-	-
Amortisation charge for the year	464.51	464.51
As at March 31, 2022	**1,195.72**	**1,195.72**
Disposals	(2.04)	(2.04)
Amortisation charge for the year	552.93	552.93
As at March 31, 2023	**1,746.61**	**1,746.61**
Net book value Softwares:		
As at March 31, 2022	**1,320.65**	**1,320.65**
As at March 31, 2023	**1,375.47**	**1,375.47**
Intangible assets under development		
As at March 31, 2022	**252.16**	**252.16**
As at March 31, 2023	**13.44**	**13.44**

1) The Company has not revalued any of its fixed assets during the year.

11a Capital-Work-in Progress (CWIP) and Intangible assets under development ageing as at March 31, 2023

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	13.44	-	-	-	**13.44**
Projects temporarily suspended	-	-	-	-	-

CWIP completion schedule

CWIP	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Project 1 - API Integration	4.38	-	-	-
Project 2 - Applicant Tracking to managing the talent acquisition process	4.78	-	-	-
Project 3 - DSA onboarding portal	4.28	-	-	-

Capital-Work-in Progress (CWIP) and Intangible assets under development ageing as at March 31, 2022

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	121.96	76.42	51.08	2.70	**252.16**
Projects temporarily suspended	-	-	-	-	-

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

CWIP completion schedule

CWIP	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Project 1 - Corporate Loan Management system	31.98	-	-	-
Project 2 - NPA identification solution	39.00	-	-	-
Project 3 - Data warehouse and others	102.78	38.40	40.00	-

12 Other non-financial assets

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	894.94	755.59
Balances with government authorities		
- GST Input tax credit	88.43	282.01
Defined Benefit Asset		
- Gratuity	-	-
Total	**983.37**	**1,037.60**

13 Derivative financial instruments

Particulars	As at March 31, 2023			As at March 31, 2022		
	Notional Amounts	Fair Value Assets	Fair Value Liabilities	Notional Amounts	Fair Value Assets	Fair Value Liabilities
Part I						
(i) Currency derivatives:						
Spot and forwards	-	-	-	45,409.98	407.28	-
Subtotal (i)	-	-	-	**45,409.98**	**407.28**	-
(ii) Interest rate derivatives						
Forward Rate Agreements and Interest Rate swaps	-	-	-	-	-	-
Subtotal (ii)	-	-	-	-	-	-
Total Derivative Financial Instruments (i)+(ii)	-	-	-	**45,409.98**	**407.28**	-
Part II						
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:						
(i) Fair value hedging:						
Currency derivatives	-	-	-	-	-	-
Interest Rate derivatives	-	-	-	-	-	-
Subtotal (i)	-	-	-	-	-	-
(ii) Cash flow hedging:						
Currency derivatives	-	-	-	45,409.98	407.28	-
Interest rate derivatives	-	-	-	-	-	-
Subtotal (ii)	-	-	-	**45,409.98**	**407.28**	-
(iii) Undesignated Derivatives						
Currency Swaps	-	-	-	-	-	-
Subtotal (iii)	-	-	-	-	-	-
Total Derivative Financial Instruments (i)+(ii)+(iii)	-	-	-	**45,409.98**	**407.28**	-

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

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

14 Payables

Particulars	As at March 31, 2023	As at March 31, 2022
i) Trade Payables		
a) total outstanding dues to micro and small enterprises	-	18.62
b) total outstanding dues of creditors other than micro and small enterprises		
- Due to Related parties	112.76	61.09
- Due to others	95.73	348.78
ii) Other Payables		
a) total outstanding dues to micro and small enterprises	269.47	239.04
b) total outstanding dues of creditors other than micro and small enterprises	3,381.30	1,650.63
Total	**3,859.26**	**2,318.16**

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

14a Trade Payables ageing as at March 31, 2023

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	269.47	-	-	-	**269.47**
(ii) Others	3,589.79	-	-	-	**3,589.79**
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

1) Includes unbilled amount of ₹3,650.77 lakhs

Trade Payables ageing as at March 31, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	257.66	-	-	-	**257.66**
(ii) Others	2,060.50	-	-	-	**2,060.50**
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

1) Includes unbilled amount of ₹1,889.67 lakhs

2) The ageing of Trade Payables is determined from the date of the transaction

15 Debt Securities

Particulars	As at March 31, 2023	As at March 31, 2022
At Amortised Cost (In India)		
Secured		
Non Convertible Debentures (NCD)	7,08,698.37	7,16,585.63
Unsecured		
Commercial paper	93,000.00	1,10,000.00
Less: Unamortised Discounting Charges	(5,342.92)	(1,372.43)
Total	**7,96,355.45**	**8,25,213.20**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Security details for Secured non convertible debentures

1) Debentures are secured by: 1. First charge by way of mortgage on immovable property. 2. Pari passu charge by way of hypothecation of book debts and accounts receivable of minimum 1 to 1.1 time cover.
2) Non Convertible Debentures carry interest @ 5.25% to 8.80%.Unsecured commercial paper carry interest @ 7.85% to 8.16%. In respect of commercial paper, maximum amount outstanding during the period was ₹22,223.81 lakhs (March 31, 2022: 2,99,342.09).
3) There are no redeemed debentures which the Company power to reissue.
4) There have been no default in payment of principal or interest during the year.
5) There are no Debt Securities measured at FVTPL or measure at designated at FVTPL
6) There is no Debt Instrument which has been issued Outside India

Particulars of Secured non convertible debentures

Particulars	Face Value	Asset Cover	ROI	Qty	As at March 31, 2023
NCD maturing within one year	10,00,000	1.0x to 1.10x	0 % to 8.40%	18550	1,98,150.17
NCD maturing after one year	10,00,000	1.0x to 1.10x	0 % to 8.40%	45840	4,45,502.23
NCD maturing after one year	1,00,000	1.0x to 1.10x	8.07% to 8.35%	64800	65,045.97
				129190	**7,08,698.37**

Particulars	Face Value	Asset Cover	ROI	Qty	As at March 31, 2022
NCD maturing within one year	10,00,000	1.0x to 1.10x	0% to 7.27%	18220	1,98,821.98
NCD maturing after one year	10,00,000	1.0x to 1.10x	0% to 7.27%	49990	5,17,763.65
				68210	**7,16,585.63**

Particulars of Commercial Paper

Particulars	Face Value	Qty	As at March 31, 2022
CP maturing within one year	5,00,000	18,600	93,000.00
		18,600	**93,000.00**

Particulars	Face Value	Qty	As at March 31, 2022
CP maturing within one year	5,00,000	22,000	1,10,000.00
		22,000	**1,10,000.00**

16 Borrowings (Other than debt securities)

Particulars	As at March 31, 2023	As at March 31, 2022
At Amortised Cost (In India)		
Secured		
Loan from related party	70,495.00	23,571.42
Loan from other Banks	9,66,455.49	4,79,979.81
Foreign currency term loan from bank	13,856.86	45,905.43
Total	**10,50,807.34**	**5,49,456.66**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Secured

1. Term Loan amounting to ₹10,50,807.34 lakhs, (March 31, 2022: 5,49,456.66) as referred above are secured by pari passu first charge on all present and future book debts, receivables, loan assets of the Company. These carry interest @ 7.00% to 9.45%.
2. There have been no default in payment of principal or interest during the year.
3. Term Loan from Banks will be repaid as per below

Particulars	As at March 31, 2023	As at March 31, 2022
Loans maturing within one year	239,005.94	143,048.90
Loans maturing after one year	811,801.40	406,407.76
	10,50,807.34	**5,49,456.66**

17 Subordinated Liabilities

Repayment	As at March 31, 2023	As at March 31, 2022
At Amortised Cost (In India)		
Unsecured		
Subordinated debt (Non-convertible debentures)	1,53,020.77	98,956.16
Total	**1,53,020.77**	**98,956.16**

1) There have been no default in payment of principal or interest during the year.
2) There are no Debt Securities measured at FVTPL or measure at designated at FVTPL
3) There is no Debt Instrument which has been issued Outside India

Particulars	Face Value	ROI	Qty	As at March 31, 2023
NCD maturing after one year	10,00,000	7.40% to 8.80%	6700	70,596.27
NCD maturing after one year	1,00,00,000	7.42% to 8.34%	800	82,424.50
			7500	**1,53,020.77**

Particulars	Face Value	ROI	Qty	As at March 31, 2023
NCD maturing after one year	10,00,000	7.40% to 8.80%	6700	70,578.30
NCD maturing after one year	1,00,00,000	7.42% to 7.90%	275	28,377.86
			6975	**98,956.16**

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

18 Other financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Advances from customers	7,477.48	1,536.17
Other financial liabilities*	63,191.33	27,066.66
Total	**70,668.81**	**28,602.83**

(*This also includes book overdraft, unapportioned credits pertaining to loans, assignee payable, etc.)

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

19 Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
- Provision for gratuity	126.78	27.69
- Employee benefit payable (performance bonus, incentive/statutory bonus)	2,802.00	1,958.79
Total	**2,928.78**	**1,986.48**

20 Other non-financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Undisputed statutory dues	904.75	964.16
Total	**904.75**	**964.16**

21 Equity share capital

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised Share Capital		
1,00,00,00,000 (March 31, 2022: 1,00,00,00,000) equity shares of ₹10/- each	1,00,000.00	1,00,000.00
Issued, subscribed and fully paid-up:		
59,08,13,886 (March 31, 2022: 53,85,12,500) equity shares of ₹10/- each	59,081.39	53,851.25
	59,081.39	**53,851.25**

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

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	53,85,12,500	48,22,50,000
Issued during the year	5,23,01,386	5,62,62,500
Reductions during the year	-	-
Balance at the end of the year	**59,08,13,886**	**53,85,12,500**

During the year ended March 31, 2023 the Company has issued equity shares to existing shareholders on rights issue in three tranches:-

1) 2,69,25,625 equity shares of ₹10 each at premium of ₹65 each amounting to ₹20,194.22 lakhs in the month of May 2022.

2) 1,37,91,175 equity shares of ₹10 each at premium of ₹66 each amounting to ₹10,481.29 lakhs in the month of July 2022.

3) 1,15,84,586 equity shares of ₹10 each at premium of ₹70 each amounting to ₹9,267.67 lakhs in the month of March 2023.

During the year ended March 31, 2022 the Company had issued 5,62,62,500 equity shares of ₹10 each at premium of ₹61 each amounting to ₹39,946.38 lakhs to existing shareholders on rights basis.

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

(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, 2023	As at March 31, 2022
Axis Bank Limited (the holding Company) and its Nominees		
59,08,13,886 (March 31, 2022: 53,85,12,500) equity shares of ₹10/- each	59,081.39	53,851.25

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

Particulars	As at March 31, 2023 % of Holding	As at March 31, 2022 % of Holding
Equity shares of ₹ 10 each fully paid		
Axis Bank Limited (the holding Company) and its Nominees	100%	100%

f) Shareholding of Promoters as at March 31, 2023 as under:

S. No	Promoter name	Shares held by promoters as at March 31, 2023		
		No. of Shares	%of total shares	% Change during the year
1	Axis Bank Limited	59,08,13,886	100%	No change in shareholding

Shareholding of Promoters as at March 31, 2022 as under:

S. No	Promoter name	Shares held by promoters as at March 31, 2023		
		No. of Shares	%of total shares	% Change during the year
1	Axis Bank Limited	53,85,12,500	100%	No change in shareholding

(g) The Board of directors has not recommended any dividend to shareholders for the year ended March 31, 2023 (March 31, 2022: NIL).

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

22 Other equity

Particulars	As at March 31, 2023	As at March 31, 2022
Securities Premium		
Balance at the beginning of the year	62,535.64	28,217.50
Add:- Addition during the year	34,713.04	34,320.16
Less:- Utilisation during the year against share issue expense	(6.56)	(2.02)
Balance at the end of the year	**97,242.12**	**62,535.64**
Statutory Reserve u/s 45-IC of the RBI Act, 1934		
Balance at the beginning of the year	31,984.00	25,054.00
Add:- Addition during the year	11,583.00	6,930.00
Balance at the end of the year	**43,567.00**	**31,984.00**
Deemed Capital Contribution		
Balance at the beginning of the year	1,150.31	865.68
Add:- Addition during the year	59.54	284.63
Balance at the end of the year	**1,209.85**	**1,150.31**
Retained Earnings		
Balance at the beginning of the year	69,592.38	41,888.44
Total Comprehensive income for the year	57,910.15	34,633.94
Less:- Final Dividend	-	-
Less:- Dividend distribution tax on final dividend	-	-
Less:- Transfer to statutory reserve	(11,583.00)	(6,930.00)
Balance at the end of the year	**1,15,919.53**	**69,592.38**
Other Comprehensive Income (OCI)		
Remeasurement of Post Employment Benefit		
Balance at the beginning of the year	(38.65)	(35.61)
Add:- Addition during the year	142.81	(3.04)
Balance at the end of the year	**104.16**	**(38.65)**
Cash Flow Hedge Reserve		
Balance at the beginning of the year	4.78	-
Add:- Addition during the year	(4.78)	4.78
Balance at the end of the year	**-**	**4.78**
Other Comprehensive Income (OCI)	**104.16**	**(33.87)**
General Reserves		
Balance at the beginning of the year	33.04	33.04
Add:- Addition during the year	-	-
Balance at the end of the year	**33.04**	**33.04**
Total	**2,58,075.70**	**1,65,261.50**

Securities Premium

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

Statutory Reserve u/s 45-IC of RBI Act, 1934

Statutory reserve represents reserve fund created pursuant to Section 45-IC of the RBI Act, 1934 through transfer of specified percentage of net profit every year before any dividend is declared. The reserve fund can be utilised only for limited purposes as specified by RBI from time to time and every such utilisation shall be reported to the RBI within specified period of time from the date of such utilisation.

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Deemed Capital Contribution

The Company select employees had entitlement to receive shares of Axis Bank Limited and the company subsequently did not have obligation to settle the award and hence, the award was treated as Equity settled plan till June 30, 2021. Accordingly, the Company has recognised an expense for the grant date fair value of award over the vesting year and corresponding credit as "Deemed Capital Contribution" by parent. The Company will continue to do so for all grants awarded till March 31, 2020 in this manner. However, with effect from July 1, 2021, the Company has changed accounting for ESOPs granted by Axis Bank Limited (the "Holding Company") to select employees of the Company. The Holding Company had decided to recover the cost of such options from the Company and accordingly, the Company has recorded an expense of ₹860.15 (lakhs) during current period ended March 31, 2023.

Debenture Redemption Reserve

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

Retained Earnings

Retained earnings represents the surplus in the Statement of Profit and Loss and appropriations.

General Reserves

General reserves represents the balance of reserves transferred on merger of Axis Private Equity Limited with the Company.

Cash Flow Hedges Reserve

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

23 Interest Income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest on Loans (at amortised cost)	2,05,768.31	1,31,425.26
Interest income from investments (at amortised cost)	5,978.96	5,497.77
Interest income from investments (FVTPL)	1,658.67	202.25
Interest on Fixed Deposits with Banks	182.97	86.99
Interest on Lease Deposits	35.96	10.93
Total	**2,13,624.87**	**1,37,223.20**

23a Fees and commission Income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cheque / NACH Bouncing Charges	142.88	58.27
Pre/Part payment Charges	149.96	28.34
Foreclosure Charges	1,223.48	410.93
Miscellaneous fees	2,129.83	-
Others	679.68	127.40
Total	**4,325.83**	**624.94**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

24 Net gain on fair value changes

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
On trading portfolio		
Net gain on fair value changes (Realised)	562.45	2,434.74
Net gain on fair value changes (Unrealised)	12.94	-
Total	**575.39**	**2,434.74**

25 Finance Costs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest on borrowings	55,898.39	17,707.67
Interest on debt securities	46,741.61	35,998.07
Amortisation of discount on commercial paper	5,235.70	8,671.57
Interest on subordinated liabilities	9,319.37	6,338.84
Interest on lease liabilities	113.29	165.71
Other Finance expense	2,158.25	853.69
Interest On Income Tax	172.03	-
Total	**1,19,638.64**	**69,735.55**

26 Impairment on financial instruments

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Loans*	6,471.37	7,412.30
Investments	62.79	(119.20)
Trade Receivables	-	(5.27)
Total	**6,534.16**	**7,287.83**

Note: It includes loan written off during the year amounting to ₹4,612 lakhs (Previous year: ₹3,047 lakhs).

27 Employee Benefits Expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages	17,259.24	12,257.86
Share based payments to employees	919.69	596.60
Contribution to provident and other funds	535.83	440.59
Gratuity expenses	316.80	99.02
Staff welfare expenses	218.44	101.05
Total	**19,250.00**	**13,495.12**

28 Depreciation, amortisation and impairment

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Property, plant and equipment	216.71	161.83
Other Intangible assets	552.93	464.51
Right-of-use assets	787.09	392.93
Total	**1,556.74**	**1,019.27**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

29 Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent, Rates and Taxes	263.79	216.20
Electricity expenses	138.71	69.24
Repairs and maintenance - others	350.70	186.91
Printing and stationery	71.97	39.86
Travelling and conveyance	560.70	357.46
Professional fees	1,999.71	1,418.19
CSR expenditure **	644.53	552.12
Director sitting fees	124.00	62.50
Auditors Remuneration *	84.10	65.27
Telephone and internet expenses	112.01	82.71
Business promotion	21.62	20.55
Rates and taxes	9.67	12.24
Royalty charges	348.52	226.05
Service charges	298.00	238.42
Office expenses	247.30	206.38
GST Expense out (50% of input credit)	1,891.20	1,078.93
Subscription Exps	339.65	194.13
Collection agency payout	230.66	75.74
Waiver Write off charges	47.48	84.23
Insurance expenses	15.66	0.59
Miscellaneous expenses	537.01	209.21
Total	**8,336.99**	**5,396.93**

*** Payment to Auditors**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
As Auditors		
Audit Fee	75.00	60.00
Tax Audit Fee	-	-
Certification and other fees	5.00	5.00
Reimbursement of expenses	4.10	0.27
Total	**84.10**	**65.27**

**** Corporate Social Responsibility expenditure**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Gross amount required to be spent by the Company during the year	644.53	552.12
(b) Amount spent in cash during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	644.53	552.12
(c) Excess / (Shortfall) at the end of the year	-	-
(d) Total of previous years shortfall	-	-
(e) Reason for shortfall	-	-
(f) Nature of CSR activities (activities as per Schedule VII)	644.53	552.12
(g) Details of related party transactions	-	-
(h) Where a provision is made with respect to a liability incurred by entering into a contractual obligation	-	-
Total	**644.53**	**552.12**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

A) Loans and Advances

(i) Loans and advances (at amortised cost)

Particulars	March 31, 2023	March 31, 2022
Total - Gross	**22,30,460.05**	**16,36,285.69**
Less: Impairment loss allowance	29,835.09	27,975.99
Total - Net	**22,00,624.96**	**16,08,309.70**
a) Secured by tangible assets	18,34,980.84	13,57,450.54
b) Unsecured	3,95,479.21	2,78,835.15
Total - Gross	**22,30,460.05**	**16,36,285.69**
Less: Impairment loss allowance	29,835.09	27,975.99
Total - Net	**22,00,624.96**	**16,08,309.70**

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

(ii) Credit quality of assets (Refer Note 44 for credit quality)

Particulars	For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	21,68,458.96	-	-	**21,68,458.96**
Past due but not impaired	-	26,307.42	-	**26,307.42**
Non Performing				
Indivdually Impaired	-	-	5,858.58	**5,858.58**
Total	**21,68,458.96**	**26,307.42**	**5,858.58**	**22,00,624.96**

Particulars	For the year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	15,87,952.92	13,391.58	-	**16,01,344.50**
Past due but not impaired	-		-	**-**
Non Performing				**-**
Individually Impaired	-	-	6,965.20	**6,965.20**
Total	**15,87,952.92**	**13,391.58**	**6,965.20**	**16,08,309.70**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

(iii) Reconciliation of Gross carrying amount-loans

Particulars	For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	16,00,995.23	14,893.21	20,397.25	16,36,285.69
New assets originated (refer note 1 below)	14,26,344.50	1,561.97	897.64	14,28,804.11
Assets repaid (excluding write offs)	(8,21,763.17)	(1,757.31)	(15,721.55)	(8,39,242.03)
Transfers to Stage 1	12,876.96	(9,888.35)	(2,988.61)	-
Transfers to Stage 2	(26,608.85)	26,617.83	(8.98)	-
Transfers to Stage 3	(3,924.19)	(2,577.48)	6,501.67	-
Amounts written off	-	-	4,612.28	4,612.28
Gross carrying amount closing balance	**21,87,920.48**	**28,849.87**	**13,689.70**	**22,30,460.05**

Particulars	For the year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	9,78,741.91	22,593.62	31,518.70	**10,32,854.23**
New assets originated (refer note 1 below)	10,72,830.13	2,309.57	210.39	**10,75,350.09**
Assets repaid (excluding write offs)	(4,56,491.26)	(5,926.06)	(6,453.76)	**(4,68,871.08)**
Transfers to Stage 1	25,261.78	(20,688.75)	(4,573.03)	**-**
Transfers to Stage 2	(17,121.91)	18,296.38	(1,174.47)	**-**
Transfers to Stage 3	(2,225.42)	(1,691.55)	3,916.97	**-**
Amounts written off	-	-	(3,047.55)	**(3,047.55)**
Gross carrying amount closing balance	**16,00,995.23**	**14,893.21**	**20,397.25**	**16,36,285.69**

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

A) Loans and Advances

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

Particulars	For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	13,042.33	1,501.63	13,432.03	27,975.99
New assets originated or purchased	12,903.17	258.47	666.84	13,828.48
Assets derecognised or repaid (excluding write offs)	(6,006.87)	(88.63)	(2,117.54)	(8,213.04)
Transfers to Stage 1	3,712.67	(990.29)	(2,722.38)	-
Transfers to Stage 2	(426.08)	432.95	(6.87)	-
Transfers to Stage 3	(60.06)	(263.22)	323.28	-
Impact on year end ECL of exposures transferred between stages during the year	(3,703.65)	1,691.54	2,868.05	855.94
Amounts written off	-	-	(4,612.28)	(4,612.28)
ECL allowance - closing balance	**19,461.51**	**2,542.45**	**7,831.13**	**29,835.09**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

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

(v) Undrawn commitment - Credit Quality of Assets (Refer Note 44 for credit quality)

Particulars	For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	1,85,747.00	813.59	-	**1,86,560.59**
Non Performing				
Indivdually Impaired	-	-	-	**-**
Total	**1,85,747.00**	**813.59**	**-**	**1,86,560.59**

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

(vi) Undrawn commitment - Gross carrying amount

Particulars	For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,47,456.13	-	-	**1,47,456.13**
New assets originated	1,39,964.86	483.44	-	**1,40,448.30**
Assets derecognised or repaid (excluding write offs)	(1,00,573.89)	(769.95)	-	**(1,01,343.84)**
Transfers to Stage 1	-	-	-	**-**
Transfers to Stage 2	(1,100.10)	1,100.10	-	**-**
Transfers to Stage 3	-	-	-	**-**
Amounts written off	-	-	-	**-**
Gross carrying amount closing balance	**1,85,747.00**	**813.59**	**-**	**1,86,560.59**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

B Investments

(i) Investments (at amortised cost)

Particulars	Amortised Cost	Fair Value Through Profit and Loss	Total
As at March 31, 2023			
Government Securities	44,856.33	-	**44,856.33**
Non-Convetible Debenture	39,127.90	7,122.86	**46,250.76**
Total Gross	**83,984.23**	**7,122.86**	**91,107.09**
Less: Impairment loss allowance	174.50	-	**174.50**
Total	**83,809.73**	**7,122.86**	**90,932.59**

Particulars	Amortised Cost	Fair Value Through Profit and Loss	Total
As at March 31, 2022			
Government Securities	44,314.05	-	**44,314.05**
Non-Convetible Debenture	24,721.50	-	**24,721.50**
Total Gross	**69,035.55**	**-**	**69,035.55**
Less: Impairment loss allowance	111.72	-	**111.72**
Total	**68,923.83**	**-**	**68,923.83**

(ii) Credit quality of assets (Refer Note 44 for credit quality)

Particulars	For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	90,932.59	-	-	**90,932.59**
Non Performing				
Indivdually Impaired	-	-	-	**-**
Total	**90,932.59**	**-**	**-**	**90,932.59**

Particulars	For the year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	68,923.83	-	-	**68,923.83**
Non Performing				
Indivdually Impaired	-	-	-	**-**
Total	**68,923.83**	**-**	**-**	**68,923.83**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

(iii) Changes in Gross carrying amount

Particulars	For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	69,035.55	-	-	69,035.55
New assets originated	37,655.85	-	-	37,655.85
Assets repaid (excluding write offs)	(15,584.31)	-	-	(15,584.31)
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	**91,107.09**	**-**	**-**	**91,107.09**

Particulars	For the year ended March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	74,947.88	-	-	74,947.88
New assets originated	8,999.02	-	-	8,999.02
Assets repaid (excluding write offs)	(14,911.35)	-	-	(14,911.35)
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	**69,035.55**	**-**	**-**	**69,035.55**

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

Particulars	For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	111.72	-	-	111.72
New assets originated	135.00	-	-	135.00
Effect of change in estimate/ repayment	(72.22)	-	-	(72.22)
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	-	-	-	-
Unwind of discount	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-	-	-
Recoveries	-	-	-	-
Amounts written off	-	-	-	-
ECL allowance - closing balance	**174.50**	**-**	**-**	**174.50**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

C) Trade Receivables

(i) Trade Receivables

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Unsecured considered good	13.88	601.98
Less : Impairment loss allowance	-	-
Total - Net	**13.88**	**601.98**

(ii) Credit quality of assets (Refer Note 44 for credit quality)

Particulars	For the year ended March 31, 2023				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
Performing					
Standard	13.88	-	-	-	**13.88**
Non Performing					
Indivdually Impaired	-	-	-	-	**-**
Total	**13.88**	**-**	**-**	**-**	**13.88**

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

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

(iii) Changes in Gross carrying amount

Particulars	For the year ended March 31, 2023				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
Gross carrying amount opening balance	601.98	-	-	-	601.98
New assets originated (refer note 1 below)	13.88	-	-	-	13.88
Assets repaid (excluding write offs)	(601.98)	-	-	-	(601.98)
Transfers to Stage 1	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-
Amounts written off	-	-	-	-	-
New asset as per Simplified approach	-	-	-	-	-
Gross carrying amount closing balance	**13.88**	**-**	**-**	**-**	**13.88**

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

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

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

(iv) Reconciliation of Expected Credit Loss balance

Particulars	For the year ended March 31, 2023				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
ECL allowance - opening balance	-	-	-	-	-
New assets originated	-	-	-	-	-
Effect of change in estimate/ repayment	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-	-
Amounts written off	-	-	-	-	-
ECL allowance - closing balance	-	-	-	-	-

Particulars	For the year ended March 31, 2022				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
ECL allowance - opening balance	3.45	1.82	-	-	**5.27**
New assets originated	-	-	-	-	**-**
Effect of change in estimate/ repayment	(3.45)	(1.82)	-	-	**(5.27)**
Transfers to Stage 1	-	-	-	-	**-**
Transfers to Stage 2	-	-	-	-	**-**
Transfers to Stage 3	-	-	-	-	**-**
Impact on year end ECL of exposures transferred between stages during the year	-	-	-	-	**-**
Amounts written off	-	-	-	-	**-**
ECL allowance - closing balance	**-**	**-**	**-**	**-**	**-**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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, 2023							
	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	8,345.28	-	27,204.55	-	(18,859.27)	8,345.28	-	4,017.26
b) Retail Loans	5,344.42	-	7,872.04	-	(2,527.62)	5,344.42	-	3,813.86
Total	**13,689.70**	**-**	**35,076.59**	**-**	**(21,386.89)**	**13,689.70**	**-**	**7,831.12**

Type of Collateral and Credit Enhancement	As at March 31, 2022							
	Maximum exposure to credit Risk	Shares (Listed/ Unlisted)	Land and Building includes residential and commercial properties)	Other Working Capital items (includes fixed and current assets, FMPs)	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
a) Corporate Loans	18,172.96	-	46,350.18	-	(28,177.21)	18,172.96	-	11,559.60
b) Retail Loans	2,224.29	-	1,580.12	-	-	1,580.12	644.17	1,872.44
Total	**20,397.25**	**-**	**47,930.30**	**-**	**(28,177.21)**	**19,753.08**	**644.17**	**13,432.04**

31. Financial instruments – Fair values

Accounting classification and fair values

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

Particulars	As at March 31, 2023						
	Carrying amount			Fair Value			
	Fair value through profit and loss	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 -Significant unobservable inputs	Total
Financial assets							
Derivative financial instruments	-	-	**-**	-	-	-	**-**
Receivables	-	13.88	**13.88**	-	-	13.88	**13.88**
Loans	-	22,00,624.96	**22,00,624.96**	-	-	22,00,624.96	**22,00,624.96**
Investments	7,122.86	83,809.73	**90,932.59**	62,262.19	-	28,670.40	**90,932.59**
Other financial assets	-	13,630.24	**13,630.24**	-	-	13,630.24	**13,630.24**
Total	**7,122.86**	**22,98,078.81**	**23,05,201.67**	**62,262.19**	**-**	**22,42,939.48**	**23,05,201.67**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	As at March 31, 2023						
	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							
Payables		3,859.26	**3,859.26**			3,859.26	**3,859.26**
Debt securities	-	7,96,355.45	**7,96,355.45**	7,96,355.45	-	-	**7,96,355.45**
Borrowings (Other than debt securities)	-	10,50,807.34	**10,50,807.34**	-	-	10,50,807.34	**10,50,807.34**
Subordinated Liabilities	-	1,53,020.77	**1,53,020.77**	1,53,020.77	-	-	**1,53,020.77**
Lease Liabilities	-	1,658.52	**1,658.52**	-	-	1,658.52	**1,658.52**
Other financial liabilities	-	70,668.81	**70,668.81**	-	-	70,668.81	**70,668.81**
Total	**-**	**20,76,370.15**	**20,76,370.15**	**9,49,376.22**	**-**	**11,26,993.93**	**20,76,370.15**

Particulars	As at March 31, 2022						
	Carrying amount			Fair Value			
	Fair value through profit and loss	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 -Significant unobservable inputs	Total
Financial assets							
Derivative financial instruments	-	407.28	**407.28**	-	407.28	-	**407.28**
Receivables	-	601.98	**601.98**	-	-	601.98	**601.98**
Loans	-	16,08,309.70	**16,08,309.70**	-	-	16,08,309.70	**16,08,309.70**
Investments	-	68,923.83	**68,923.83**	44,314.05	-	24,609.78	**68,923.83**
Other financial assets	-	1,075.45	**1,075.45**	-	-	1,075.45	**1,075.45**
Total	**-**	**16,79,318.24**	**16,79,318.24**	**44,314.05**	**407.29**	**16,34,596.91**	**16,79,318.24**

Particulars	As at March 31, 2022						
	Carrying amount			Fair Value			
	Fair value through profit and loss	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 -Significant unobservable inputs	Total
Financial liabilities							
Payables		2,318.16	**2,318.16**	-	-	2,318.16	**2,318.16**
Debt securities	-	8,25,213.20	**8,25,213.20**	8,25,213.20	-	-	**8,25,213.20**
Borrowings (Other than debt securities)	-	5,49,456.66	**5,49,456.66**	-	-	5,49,456.66	**5,49,456.66**
Subordinated Liabilities	-	98,956.16	**98,956.16**	98,956.16	-	-	**98,956.16**
Lease Liabilities	-	2,612.55	**2,612.55**	-	-	2,612.55	**2,612.55**
Other financial liabilities	-	28,602.83	**28,602.83**	-	-	28,602.83	**28,602.83**
Total	**-**	**15,07,159.56**	**15,07,159.56**	**9,24,169.36**	**-**	**5,82,990.20**	**15,07,159.56**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

Level 1:

Investments in Government securities and Debt securities, Held for Trading are measured based on their quoted prices.

Level 2:

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

Level 3:

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

32. Maturity analysis of assets and liabilities

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial Assets						
Cash and cash equivalents	75,516.06	-	**75,516.06**	34,585.53	-	**34,585.53**
Bank Deposits other than Cash and cash equivalents	-	-	-	183.13	-	**183.13**
Derivative financial instruments	-	-	-	407.28	-	**407.28**
Receivables	13.88	-	**13.88**	601.98	-	**601.98**
Loans	4,65,996.09	17,34,628.87	**22,00,624.96**	3,34,435.20	12,73,874.50	**16,08,309.70**
Investments	51,018.86	39,913.73	**90,932.59**	1,599.67	67,324.16	**68,923.83**
Other financial assets	585.35	13,044.89	**13,630.24**	704.00	371.45	**1,075.45**
Sub-total-Financial assets	**5,93,130.24**	**17,87,587.49**	**23,80,717.73**	**3,72,516.79**	**13,41,570.11**	**17,14,086.90**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Non-Financial Assets						
Current Tax Assets (net)	-	7,465.77	**7,465.77**	-	3,261.56	**3,261.56**
Deferred Tax Assets (net)	-	7,972.24	**7,972.24**	-	8,811.62	**8,811.62**
Property, plant and equipment	-	612.89	**612.89**	-	414.11	**414.11**
Intangible assets under development		13.44	**13.44**		252.16	**252.16**
Other Intangible Assets	-	1,375.47	**1,375.47**	-	1,320.65	**1,320.65**
Right-of-use assets	-	1,584.80	**1,584.80**	-	2,457.14	**2,457.14**
Other non-financial assets	322.88	660.49	**983.37**	1,037.60	-	**1,037.60**
Sub-total-Non-financial assets	**322.88**	**19,685.10**	**20,007.98**	**1,037.60**	**16,517.24**	**17,554.84**
Total - Assets	**5,93,453.12**	**18,07,272.59**	**24,00,725.71**	**3,73,554.39**	**13,58,087.35**	**17,31,641.74**
LIABILITIES AND EQUITY						
LIABILITIES						
Financial Liabilities						
Payables						
a) total outstanding dues to micro and small enterprises	269.47	-	**269.47**	257.66	-	**257.66**
b) total outstanding dues of creditors other than micro and small enterprises	3,589.79	-	**3,589.79**	2,060.50	-	**2,060.50**
Debt securities	3,06,626.95	4,89,728.50	**7,96,355.45**	3,19,743.56	5,05,469.64	**8,25,213.20**
Borrowings (Other than debt securities)	2,39,075.88	8,11,731.46	**10,50,807.34**	1,43,636.75	4,05,819.91	**5,49,456.66**
Subordinated Liabilities	-	1,53,020.77	**1,53,020.77**	-	98,956.16	**98,956.16**
Lease Liabilities	764.79	893.73	**1,658.52**	350.11	2,262.45	**2,612.56**
Other financial liabilities	70,668.81	-	**70,668.81**	28,602.83	-	**28,602.83**
Sub-total-Financial liabilities	**6,20,995.69**	**14,55,374.46**	**20,76,370.15**	**4,94,651.41**	**10,12,508.16**	**15,07,159.57**
Non-Financial liabilities						
Current tax liabilities (net)	-	3,364.94	**3,364.94**	-	2,418.79	**2,418.79**
Provisions	2,928.78	-	**2,928.78**	1,986.48	-	**1,986.48**
Other non-financial liabilities	904.75	-	**904.75**	964.16	-	**964.16**
Sub-total-Non-financial liabilities	**3,833.53**	**3,364.94**	**7,198.47**	**2,950.64**	**2,418.79**	**5,369.43**
Total Liablities	**6,24,829.22**	**14,58,739.40**	**20,83,568.62**	**4,97,602.05**	**10,14,926.95**	**15,12,529.00**

Note: The Company is having undrawn committed bank lines as on reporting date which is amounting to ₹127,500 lakhs has not been considered in the above bucketing.

33 The Company is obligated under various capital contracts. Capital contracts are work/purchase orders of a capital nature, which have been committed. Estimated amounts of contracts remaining to be executed on intangible assets aggregated to ₹417.47 lakhs at March 31, 2023 (March 31, 2022: Gross – ₹1,148.95 lakhs)

34 Various tax related legal proceedings are pending against the Company at various levels of appeal either with the tax authorities or in the courts. Where after considering all available information in the opinion of management a liability requires accrual, the Company accrues such liability. Where such proceedings are sufficiently advanced to enable management to assess that a liability exists and are subject to reasonable estimation, management records its best estimate of such liability. Where a reasonable range of potential outcomes is estimated, management records its best estimate, or in the absence of a basis for selecting a specific estimate within a range, management records a liability no less than the lower end of the estimated range. The contested tax demands are adjusted by the tax authorities against refunds due to the Company on favorable resolution of earlier year's appeals/completion of assessments or paid. The

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

payment/adjustment does not prejudice the outcome of the appeals filed by the Company. The advance tax payments are recorded as advance tax payments.

At March 31, 2023, the Company has assessed its contingent tax liability at an aggregate amount of ₹742.61 lakhs pertaining to income tax demands by the Government of India's tax authorities for past years (March 31, 2022: ₹70.87 lakhs). Based on consultation with counsel and favorable decisions in the Company's own or other cases, the management believes that the tax authorities are not likely to be able to substantiate their tax assessments and accordingly, has not provided for these tax demands at March 31, 2023.

The key disputed subject matter are detailed below:

a. Income tax deduction under section 80G on account of CSR expenditure.

b. Disallowance of Depreciation expenses on software.

There are no claims against the Company which have not been acknowledged as debt.

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

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
Basic			
Profit after tax as per Statement of Profit and Loss	A	57,910.15	34,633.94
Weighted Average Number of Shares	B	57,22,12,048	48,90,32,329
Face value per share		10	10
Basic Earnings per share	A/B	10.12	7.08
Diluted			
Adjusted Profit after tax	C	57,910.15	34,633.94
Weighted Average Number of Shares	D	57,22,12,048	48,90,32,329
Face value per share		10	10
Diluted Earnings per share	C/D	10.12	7.08

36 Related Parties disclosure:

Disclosure pursuant to Ind AS 24 – "Related Party Disclosures":

List of Related Parties:-

Holding Company

Axis Bank Limited ('ABL')

Fellow subsidiary

Axis 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')

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Axis Capital Limited ('ACL')

A. Treds Limited ('ATL')

Freecharge Payment Technologies Private Limited ('FPTPL')

Accelyst Solutions Private Limited ('ASPL')

Subsidiary of Fellow subsidiary companies

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

Key management personnel

Bipin Kumar Saraf, Managing Director and Chief Executive Officer

Biju Radhakrishnan Pillai, Wholetime Director

Amith Iyer, Chief Financial Officer

Rajneesh Kumar, Company Secretary

Babu Rao Busi (Director)

Deepak Maheshwari (Director)

U. B. Pravin Rao (Director)

V R Kaundinya (Director) till February 25, 2023

Madhu Dubhashi (Director) till February 25, 2023

Narasimha Murthy (Director) w.e.f. January 12, 2023

Pallavi Kanchan (Director) w.e.f. January 12, 2023

Adhvay Iyer (Relative of KMP)

Arnav Iyer (Relative of KMP)

Avinash Iyer (Relative of KMP)

Ganga Rangan (Relative of KMP)

Kastoori Rangan (Relative of KMP)

Kavitha Iyer (Relative of KMP)

Baburaj Pillai (Relative of KMP)

Balanand Pillai (Relative of KMP)

P. Radhakrishnan Pillai (Relative of KMP)

Sanjana Pillai (Relative of KMP)

Savithri Pillai (Relative of KMP)

Shobha Pillai (Relative of KMP)

Shreyas Pillai (Relative of KMP)

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Mr. Bishwanath Saraf (Relative of KMP)

Mr. Bikash Kumar Saraf (Relative of KMP)

Mr. Monish Saraf (Relative of KMP)

Mrs. Mallika Saraf (Relative of KMP)

Mrs. Sushila Saraf (Relative of KMP)

Ms. Deepa Saraf (Relative of KMP)

Alka Maheswari (Relative of KMP)

Neil Maheshwari (Relative of KMP)

Rochan Maheshwari (Relative of KMP)

Seema Baldua (Relative of KMP)

Smita Vahadane (Relative of KMP)

Mr. Arjun Dubhashi (upto 24/02/2023) (Relative of KMP)

Ms. Amruta Dubhashi (upto 24/02/2023) (Relative of KMP)

Ms Renu Goel (upto 24/02/2023) (Relative of KMP)

Shri Pradip Dubhashi (upto 24/02/2023) (Relative of KMP)

Aadya Sharma (Relative of KMP)

Akshar Sharma (Relative of KMP)

Asha Devi (Relative of KMP)

Bachchoo Narain (Relative of KMP)

Rajesh Kumar (Relative of KMP)

Rajshree (Relative of KMP)

Sangeeta Singh (Relative of KMP)

Sunita Sharma (Relative of KMP)

Medha Rao (Relative of KMP)

Nagarathna Pravin Rao (Relative of KMP)

Poornima Rao (Relative of KMP)

Prajwal Rao (Relative of KMP)

Sumati Prabhakar Rao (Relative of KMP)

U. B. Prashantha Rao (Relative of KMP)

Busi Ashish (Relative of KMP)

Busi Prasad Babu (Relative of KMP)

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Busi Pratik (Relative of KMP)

Busi Sarada (Relative of KMP)

Busi Susheela (Relative of KMP)

Dr Suchitra Manjula (Relative of KMP)

GENBA Next Technologies Private Limited (Company in which director is interested)

Vinnakota Venkata Krishna Rao (upto 24/02/2023) (Relative of KMP)

Achanta Ramalakshmi (upto 24/02/2023) (Relative of KMP)

Aditya Kaundinya (upto 24/02/2023) (Relative of KMP)

Dr Vinnakota Venkata Kutumba Rao (upto 24/02/2023) (Relative of KMP)

Nijigal Prahlad Usha (upto 24/02/2023) (Relative of KMP)

Vinnakota Narasimha Rao (upto 24/02/2023) (Relative of KMP)

Vinnakota Phaneendra (upto 24/02/2023) (Relative of KMP)

Vinnakota Ravisankar (upto 24/02/2023) (Relative of KMP)

Vinnakota Seshachalapathi (upto 24/02/2023) (Relative of KMP)

Smt K Lalitha (w.e.f 12/01/2023) (Relative of KMP)

K Sree Charan (w.e.f 12/01/2023) (Relative of KMP)

Mrs. N Bhavya Pavani (w.e.f 12/01/2023) (Relative of KMP)

K Yasaswini (w.e.f 12/01/2023) (Relative of KMP)

G Lakshmi Narasimha, IRS (w.e.f 12/01/2023) (Relative of KMP)

Mr. K Hari Kumar (w.e.f 12/01/2023) (Relative of KMP)

Mr. K Krishna (w.e.f 12/01/2023) (Relative of KMP)

Smt. K. Vatsalya (w.e.f 12/01/2023) (Relative of KMP)

Aditya Narain (w.e.f 12/01/2023) (Relative of KMP)

GK Kanchan (w.e.f 12/01/2023) (Relative of KMP)

Pushplata Kanchan (w.e.f 12/01/2023) (Relative of KMP)

Raag Narain (w.e.f 12/01/2023) (Relative of KMP)

Malhar Narain (w.e.f 12/01/2023) (Relative of KMP)

Madhurima Astana (w.e.f 12/01/2023) (Relative of KMP)

Mr. Bipin Kumar Saraf HUF (Firm in which director is interested)

JM Financial Trustee Company Private Limited (Upto 24/02/2023) (Company in which director is interested)

Recommender Labs Private Limited (Upto 24/02/2023) (Company in which director is interested)

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

CXWAI Tech India Private Limited (Upto 24/02/2023) (Company in which director is interested)

Klrofil Biologics Llp (Upto 24/02/2023) (Company in which director is interested)

Vasudhaika Software Private Limited (Upto 24/02/2023) (Company in which director is interested)

IKP CENTRE FOR ADVANCEMENT IN AGRICULTURAL PRACTICE (upto 24/02/2023) (Company in which director is interested)

Sri Kari Management Consultant Private Limited (w.e.f 12/01/2023) (Company in which director is interested)

Narshmha Murthy & Co Cost accountant (w.e.f 12/01/2023) (Company in which director is interested)

Karta Initiatiative India Foundation (w.e.f 12/01/2023) (Company in which director is interested)

DDMS Simulations Software Consultants Private Limited (Company in which director is interested)

Agrirain Agro Industries India Private Limited (Upto 24/02/2023) (Company in which director is interested)

Transactions with related parties

Particulars	Holding Company	Fellow Subsidiary including subsidiary of fellow subsidiary	Key Management Personnel	Total
Capital Receipts and Payments				
WCDL & OD taken (ABL)	-	-	-	-
	(13,560.97)	(-)	(-)	(13,560.97)
Capital Infusion including Securities Premium (ABL)	39,943.18	-	-	39,943.18
	(39,946.38)	(-)	(-)	(39,946.38)
Non-Convertible Debentures (ABL)	8,500.00	-	-	8,500.00
	(31,500.00)	(-)	(-)	(31,500.00)
Transactions				
Rent paid (ABL)	246.59	-	-	246.59
	(230.00)	(-)	(-)	(230.00)
Car Parking Rent (ABL)	1.40	-	-	1.40
	(-)	(-)	(-)	(-)
Bank charges (ABL)	11.37	-	-	11.37
	(7.57)	(-)	(-)	(7.57)
NACH charges (ABL)	27.02	-	-	27.02
	(20.13)	(-)	(-)	(20.13)
Interest paid on borrowings (ABL)	3,549.45	-	-	3,549.45
	(1,347.16)	(-)	(-)	(1,347.16)
Interest paid on Non-Convertible Debentures (ABL)	3,053.75	-	-	3,053.75
	(2,235.00)	(-)	(-)	(2,235.00)
Demat Charges (ASL)	-	0.01	-	0.01
	(-)	(0.04)	(-)	(0.04)
Demat Charges (ABL)	1.39	-	-	1.39
	(3.27)	(-)	(-)	(3.27)
Professional fees (ATSL)	-	12.13	-	12.13
	(-)	(4.77)	(-)	(4.77)
Salary, Rent and contribution to PF (KMP)	-	-	993.51	993.51
	(-)	(-)	(774.24)	(774.24)
Staff Loan repayment (KMP)	-	-	22.76	22.76
	(-)	(-)	(6.43)	(6.43)

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	Holding Company	Fellow Subsidiary including subsidiary of fellow subsidiary	Key Management Personnel	Total
Staff Loan given (KMP)	-	-	-	-
	(-)	(-)	(64.88)	(64.88)
Staff Loan Interest (KMP)	-	-	4.95	4.95
	(-)	(-)	(3.26)	(3.26)
Group Term Life Premium Reimbursement (ABL)	-	-	-	-
	(87.96)	(-)	(-)	(87.96)
Brokerage paid (ASL)	-	2.14	-	2.14
	(-)	(39.52)	(-)	(39.52)
IPA commission charges paid (ABL)	2.00	-	-	2.00
	(2.80)	(-)	(-)	(2.80)
Future Service Gratuity Premium Reimbursement (ABL)	-	-	-	-
	(5.35)	(-)	(-)	(5.35)
Service charges other – IT Service fees (ABL)	88.93	-	-	88.93
	(68.06)	(-)	(-)	(68.06)
Treps Charges (ABL)	3.00	-	-	3.00
	(2.75)	(-)	(-)	(2.75)
Subscription Charges (FPTPL)	-	-	-	-
	(-)	(0.25)	(-)	(0.25)
Arrangership fees (ABL)	5.00	-	-	5.00
	(110.89)	(-)	(-)	(110.89)
Considearation received from sell down including fees (ABL)	1,10,814.40	-	-	1,10,814.40
	(84,305.96)	(-)	(-)	(84,305.96)
Processing Fees (ABL)	1,985.57	-	-	1,985.57
	(3,055.01)	(-)	(-)	(3,055.01)
Other Reimbursement of Expenses (ABL)	128.45	-	-	128.45
	(127.83)	(-)	(-)	(127.83)
Reimbursement of Professional Fees (ABL)	15.64	-	-	15.64
	(-)	(-)	(-)	(-)
Interest on Fixed Deposits (ABL)	177.60	-	-	177.60
	(86.04)	(-)	(-)	(86.04)
Royalty Charges (ABL)	348.47	-	-	348.47
	(226.40)	(-)	(-)	(226.40)
ESOP recovered (ABL)	59.54	-	-	59.54
	(284.63)	(-)	(-)	(284.63)
ESOP cost debited and considered deemed capital contribution (ABL)	860.15	-	-	860.15
	(311.97)	(-)	(-)	(311.97)
Closing Balance/Outstanding Balances as on 31st March				
Share Capital (ABL)	59,081.39	-	-	59,081.39
	(53,851.25)	(-)	(-)	(53,851.25)
Current Account Balance (ABL)	11,943.55	-	-	11,943.55
	(-)	(-)	(-)	(-)
Overdraft/Term Loan Account Balance (ABL)	58,571.45	-	-	58,571.45
	(18,042.43)	(-)	(-)	(18,042.43)
Royalty Charges Payable (ABL)	116.61	-	-	116.61
	(57.85)	(-)	(-)	(57.85)

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	Holding Company	Fellow Subsidiary including subsidiary of fellow subsidiary	Key Management Personnel	Total
Fixed Deposits (ABL)	-	-	-	-
	(183.13)	(-)	(-)	(183.13)
OPE Payables (ABL)	-	-	-	-
	(3.24)	(-)	(-)	(3.24)
Non-Convertible Debentures (ABL)	42,500.00	-	-	42,500.00
	(42,500.00)	(-)	(-)	(42,500.00)
Sundry Receivables (ASL)	-	-	-	-
	(-)	(552.37)	(-)	(552.37)
Sundry Receivables (ABL)	3.86	-	-	3.86
	(-)	(-)	(-)	(-)
Staff Loan given (KMP)	-	-	119.90	119.90
	(-)	(-)	(142.66)	(142.66)
Sundry Payables (ATSL)	-	-	-	-
	(-)	(2.29)	(-)	(2.29)
Demat Charges Payables (ASL)	-	-	-	-
	(-)	(0.07)	(-)	(0.07)

Note: -

1. The remuneration to the key managerial person does not include provisions towards bonus and gratuity and other benefits as they are determined on actuarial basis for the Company as a whole.
2. Figures in bracket pertain to previous year.
3. Transactions shown above are excluding Goods and Services Tax.
4. Above transactions are based on contractual cash flow basis.

36a RBI circular/2022-23/29.DOR.CRE.REC.NO.25/03.10.001/2022-23 - Loans to Senior Officers

Particulars	Outstanding as at March 31, 2023	Outstanding as at March 31, 2022
Loan to Senior officers	216.71	117.75

* For loans to KMP- please refer note 36 above.

37 Employee Benefits

a) Defined contribution plan (Provident fund)

Amount of ₹519.31 lakhs (Previous Year ₹390.41) is recognised as expenses and included in Note 27 of "Employee Benefits expenses" in Statement of Profit and Loss.

b) Defined benefit plan (Gratuity)

The Company provides for the gratuity, a defined benefit retirement plan covering eligible emplyees. The plan provides for lumpsump payments to employees upon death while in the employment or on separation from employment after serving for the stipulated period mentioned under the Payment of Gratuity Act 1972. The Company makes the contriubtion to the gratuity scheme administered by the Life Insurance Corporation of India through its gratuity fund.

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

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

1) Amount recognised in employee cost:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	130.27	92.82
Interest cost on benefit obligation	39.15	18.26
Expected return on plan assets	(24.67)	(14.88)
Past service cost	172.06	-
Transferred from group Company	-	-
Net benefit expense/(income)	316.81	96.20

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net actuarial (gain)/loss recognised in the year	(90.75)	2.05
Return on Plan Assets, Excluding Interest Income	(100.09)	2.01
Net benefit (income)/expense for the year recognised in OCI	(190.84)	4.06

3) Amount recognised in Balance Sheet:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Projected benefit obligation	(610.17)	(368.00)
Fair value of plan assets	483.39	340.31
Funded Status (Surplus/ (Deficit))	(126.78)	(27.69)
Plan assets/(liability)	(126.78)	(27.69)

4) Actual return on plan assets

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Expected return on plan assets	24.67	14.88
Actuarial gains/(losses) on plan assets	100.09	(2.01)
Actual Return on plan assets	124.76	12.87

5) Reconciliation of balances of Defined Benefit Obligation:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening projected benefit obligation	368.00	267.80
Interest cost	39.15	18.26
Current service cost	130.27	92.82
Past Service Cost - Vested Benefit Incurred during the period	172.06	-
Benefit Paid From the Fund	(8.57)	(12.93)
Actuarial (gains)/losses on obligation	(90.75)	2.05
Closing projected benefit obligation	610.16	368.00

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

6) Projected Benefits Payable in Future Years From the Date of Reporting:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
1st Following Year	27.23	13.30
2nd Following Year	13.17	14.77
3rd Following Year	15.79	26.53
4th Following Year	18.15	21.24
5th Following Year	38.41	23.84
Sum of Years 6 To 10	338.80	171.69
Sum of Years 11 and above	1,243.32	657.64

7) Reconciliation of balances of the fair value of plan assets are as follows:

Particulars	March 31, 2023	March 31, 2022
Opening fair value of plan assets	340.31	218.21
Expected return	24.67	14.88
Contributions by employer	26.88	122.17
Benefits paid	(8.57)	(12.94)
Actuarial gains/(losses)	100.09	(2.01)
Closing fair value of plan assets	483.38	340.31

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

Gratuity

Particulars	March 31, 2023	March 31, 2022
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	March 31, 2023	March 31, 2022
Mortality rate	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
Discount rate	7.47%	7.25%
Expected rate of return on assets	7.47%	7.25%
Employee turnover		
For service 2 years and below	29.00%	5.00%
For service 3 years to 4 years	11.00%	5.00%
For service 5 years and above	2.00%	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

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Amounts for the current and previous four periods are

Particulars	2022 – 2023	2021 – 2022	2020 – 2021	2019 – 2020	2018 – 2019
Projected benefit obligation	610.16	368.00	267.80	197.70	124.35
Plan assets	483.38	340.31	218.21	133.18	130.64
(Surplus) /deficit	126.78	27.69	49.59	64.52	(6.29)
Experience adjustments on plan liabilities	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

Expected cash flow for the following year:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Expected payment contibutions to the plan for next annual reporting period	245.69	157.96

The weighted average duration of defined benefit obligations as at March 31, 2023 is 12 years (Previous Year : 12 years)

9) Sensitivity Analysis

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Projected Benefit Obligation on Current Assumptions	610.17	368.00
Delta Effect of +1% Change in Rate of Discounting	(62.20)	(34.65)
Delta Effect of -1% Change in Rate of Discounting	73.31	40.76
Delta Effect of +1% Change in Rate of Salary Increase	58.87	32.23
Delta Effect of -1% Change in Rate of Salary Increase	(52.35)	(28.23)
Delta Effect of +1% Change in Rate of Employee Turnover	1.95	(0.99)
Delta Effect of -1% Change in Rate of Employee Turnover	(2.84)	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.

c) The Company does not have any leave encashment policy for its employees.

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

38 Provisions and Contingencies

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Provisions for impairment on Investment	62.79	(119.20)
Provision towards loan assets (Stage 3)	(5,600.91)	2,322.58
Provision towards Receivables	-	(5.27)
Provision made towards Income tax	18,638.61	13,006.87
Bad Debts Written off	4,612.28	3,047.55
Provision for Standard Assets (Stage 1 and Stage 2)	7,460.01	2,042.17

39 Leases:

A) Amounts recognised in the Balance sheet

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Gross carrying value	3,011.12	1,862.61
Addition	1,424.23	1,349.37
Deletion	(1,548.59)	(200.86)
Translation adjustments	-	-
Gross carrying value	**2,886.76**	**3,011.12**
Accumulative depreciation		
Opening Balance	553.98	175.60
Depreciation	747.98	378.38
Translation adjustments	-	-
Closing Balance	**1,301.96**	**553.98**
Net carrying value	**1,584.80**	**2,457.14**

B) The following is the movement in lease liabilities during the year ended March 31, 2023

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening Lease Liabilities	2,612.55	1,749.08
Additions/accrued	1,424.23	1,349.37
Interest on lease liabilities	113.29	165.71
Deletions	(1,667.43)	(234.67)
Payment towards Lease Liability (Principal and Interest)	(824.13)	(416.94)
Closing Lease Liabilities	**1,658.51**	**2,612.55**

Amounts recognised in Statement of profit and Loss during the year ended March 31, 2023

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation expense of right-of-use assets	787.09	392.93
Interest expense on lease liabilities	113.29	165.71
Total	**900.38**	**558.64**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Total cash outflow for leases:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Total cash outflow for leases	824.13	416.94
Total	**824.13**	**416.94**

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

Tenure	For the year ended March 31, 2023	For the year ended March 31, 2022
Less than 1 year	764.79	350.11
1-3 years	749.94	817.06
3-5 years	143.79	464.28
More than 5 years	-	981.10
Balance as at March 31	**1,658.52**	**2,612.55**

While measuring the lease liabilities, the Company discounted lease payments using its incremental borrowings rate at average rate of 7.95% p.a. The weighted average rate applied ranges between 7% p.a to 7.95% p.a.

40 Basis the information available there are no relations and transactions with Struck off Companies during the year ended March 31, 2023 (Previous year:NIL)

41 Analytical Ratios

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% Variance	Reason for variance (if above 25%)
Capital to risk-weighted assets ratio (CRAR)	4,47,163.91	22,24,892.16	20.10%	19.18%	4.80%	N.A.
Tier I CRAR	3,29,002.72	22,24,892.16	14.79%	14.03%	5.42%	N.A.
Tier II CRAR	1,18,161.19	22,24,892.16	5.31%	5.15%	3.11%	N.A.
Debt Equity Ratio	20,00,183.56	3,17,157.09	6.31	6.73	-6.24%	N.A.
Liquidity Coverage Ratio	42,687.12	19,751.25	216.12%	272.99%	-20.83%	N.A.

42 Key Ratios for the year ended

Particulars	March 31, 2023	March 31, 2022
Return on Equity Ratio	21.15%	15.13%
Net Profit Ratio	24.89%	22.93%
Return on Capital Employed	2.76%	2.59%

43 Revenue from contract with customers (Ind AS 115)

Particulars	March 31, 2023	March 31, 2022
Type of Services		
Cheque / NACH Bouncing Charges	142.88	58.27
Pre/Part payment Charges	149.96	28.34
Foreclosure Charges	1,223.48	410.93
Commission Income	-	-

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	March 31, 2023	March 31, 2022
Miscellaneous fees	2,129.83	-
Others	679.68	127.40
Total	**4,325.83**	**624.94**
Geographical markets		
India	4,325.83	624.94
Outside India	-	-
Total	**4,325.83**	**624.94**
Timing of revenue recognition		
Services transferred at a point in time	4,325.83	624.94
Services transferred over time	-	-
Total	**4,325.83**	**624.94**

44. 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, Operational 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 and risk appetite and implementing principles, policies and limits. The Committee is also responsible for managing risk decisions and monitoring risk levels.

The Risk 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.

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 and 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.

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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 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 and 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 crosses 90 days past due on its contractual payments. Also, any loan facility which has been restructured / where the Company has exercised forbearance is considered as Stage 3.

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

An asset classified as Stage 3 when the borrower crosses 90 days past due on its contractual payments shall be moved out from Stage 3 upon payment of all irregularities. 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.

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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 increase 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 Expected Credit Loss (ECL) for loan assets at an individual client basis, based on the nature of the loan product. ECL for other assets and all Stage 3 assets is also 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 ₹31,500.00* lakhs as at March 31, 2023 (March 31, 2022 ₹20,000.00 lakhs). Total exposure to 20 largest customers constituted 15.59% of the Company's total credit exposure as at March 31, 2023.

*Exposure include interest as well

Credit Risk Exposure Analysis at Amortised Cost

(₹ In lakhs)

Particulars	As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Wholesale (A)	12,34,925.46	22,021.11	8,343.85	12,65,290.42
Retail (B)	9,52,995.02	6,828.76	5,345.85	9,65,169.63
Total Loans (A+B)	**21,87,920.48**	**28,849.87**	**13,689.70**	**22,30,460.05**
Investments	**91,107.09**	-	-	**91,107.09**

Credit Risk Exposure Analysis at Amortised Cost

(₹ In lakhs)

Particulars	As at March 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Wholesale (A)	10,32,804.47	10,211.37	18,172.96	10,61,188.80
Retail (B)	5,68,190.76	4,681.84	2,224.29	5,75,096.89
Total Loans (A+B)	**16,00,995.23**	**14,893.21**	**20,397.25**	**16,36,285.69**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Investments	**69,035.55**	**-**	**-**	**69,035.55**

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, wherever sanction terms provide for the same.

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 held Government securities as part of its Trading Portfolio during the year. The trading position is monitored regularly by the Risk department as part of Interest Rate Risk Management and adherence to stop loss limits is ensured.

Interest Rate Risk

The Company has set up an Earnings at Risk limit for managing the Interest Rate Risk in the lending book which is monitored by The Asset Liability Management Committee (ALCO)

The Gap i.e. the difference between Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) for each time bucket upto 1 year is used as a measure of interest rate sensitivity. A Gap Report is generated by grouping rate sensitive liabilities, assets and off-balance sheet positions into time buckets according to residual maturity or next re-pricing period, whichever is earlier. A positive Gap indicates that RSAs are more than RSLs whereas negative Gap indicates that RSLs are more than RSAs. The following table indicates the sensitivity of interest rate shocks to the Net Interest Income as per Earnings at Risk model that considers AFL's Rate sensitive assets and Rate sensitive liabilities upto 1 year time buckets:

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Increase / Decrease in basis points	Sensitivity of Net Interest Income 2022-23	Sensitivity of Net Interest Income 2021-22
+/- 20 bps	- ₹961 lakhs / + ₹961 lakhs	- ₹105 lakhs / + ₹105 lakhs
+/- 30 bps	-₹1442 lakhs / + ₹1442 lakhs	-₹157 lakhs / + ₹157 lakhs

Foreign Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk for the Company arises majorly on account of foreign currency borrowings. The Company manages this foreign currency risk by entering into cross currency swaps and forward contract. When a derivative is entered into for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure. The Company's policy is to fully hedge its foreign currency borrowings at the time of drawdown and remain so till repayment. The Company holds derivative financial instruments such as cross currency interest rate swap to mitigate risk of changes in exchange rate in foreign currency and floating interest rate. The counterparty for these contracts is generally a bank. These derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in market place.

Operational Risk

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

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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 as per internal guidelines. 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 ₹4,612.28 lakhs during the year (Previous Year: 3,047.55).

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Disclosure on Liquidity Risk March 31, 2023

Disclosure on Liquidity Risk, as per extant RBI guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies as at March 31, 2023 is as follows:

i. Funding Concentration based on Significant Counterparty:

Number of Significant Counterparties	Amount (₹ lakhs)	% of Total Deposits	% of Total Liabilities
18	15,48,020.07	N.A.	74.30%

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
12,35,630.57	62.93%

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	10,50,877.27	50.4%
2	WC/LOC/OD	-	0.0%
3	CP	87,700.00	4.2%
4	NCD	8,25,073.00	39.6%
Total		**19,63,650.27**	**94.2%**

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.

Notes

forming part of financial statement for the year ended March 31, 2023

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

- 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	4.47%
II)	Commercial Papers as a % of Total Liabilities	4.21%
III)	Commercial Papers as a % of Total Assets	3.65%
B) I)	Non-Convertible Debentures (original maturity of less than one year) as a % of Total Public Funds	NIL
II)	Non-Convertible Debentures (original maturity of less than one year) as a % of Total Liabilities	NIL
III)	Non-Convertible Debentures (original maturity of less than one year) as a % of Total Assets	NIL
C) I)	Other Short-Term Liabilities as a % of Total Public Funds	17.02%
II)	Other Short-Term Liabilities as a % of Total Liabilities	16.04%
III)	Other Short-Term Liabilities as a % of Total Assets	13.93%

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

Notes

forming part of financial statement for the year ended March 31, 2023

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

liquidity risk management strategy. The role of the ALCO with respect to liquidity risk includes, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions at an entity level. The minutes of ALCO meetings are placed before the RMC during its quarterly meetings for its noting.

Disclosure on Liquidity Risk March 31, 2022

Disclosure on Liquidity Risk, as per extant RBI guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies as at March 31, 2022 is as follows:

i. Funding Concentration based on Significant Counterparty:

Number of Significant Counterparties	Amount (₹ lakhs)	% of Total Deposits	% of Total Liabilities
16	11,78,751	N.A.	78.01%

Notes:

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

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

iii. Top 10 Borrowings:

Amount (₹ lakhs)	% of Total Borrowings
10,52,751	71.37%

Note:

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

iv. Funding Concentration based on Significant Instrument/Product:

Sr. No.	Name of the Instrument/Product	Amount (₹ lakhs)	% of Total Liabilities
1	Term Loans	5,49,456.00	36.4%
2	WC/LOC/OD	0.00	0.0%
3	CP	1,10,000.00	7.3%
4	NCD	8,15,542.00	54.0%
Total		**14,74,998.00**	**97.6%**

Notes:

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

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

v. Stock Ratios:

Sr. No.	Stock Ratios	%
A) I)	Commercial Papers as a % of Total Public Funds	7.46%
II)	Commercial Papers as a % of Total Liabilities	7.28%
III)	Commercial Papers as a % of Total Assets	6.36%
B) I)	Non-Convertible Debentures (original maturity of less than one year) as a % of Total Public Funds	NIL
II)	Non-Convertible Debentures (original maturity of less than one year) as a % of Total Liabilities	NIL
III)	Non-Convertible Debentures (original maturity of less than one year) as a % of Total Assets	NIL
C) I)	Other Short-Term Liabilities as a % of Total Public Funds	26.50%
II)	Other Short-Term Liabilities as a % of Total Liabilities	25.87%
III)	Other Short-Term Liabilities as a % of Total Assets	22.59%

Notes:

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

vi. Institutional set-up for Liquidity Risk Management:

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

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

Particulars	Financial year 2022-23										
	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 and upto 6 months	Over 6 month and upto 1 years	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Advances	21,554.55	1,126.99	7,987.53	32,613.84	30,155.14	1,13,486.81	2,59,071.23	8,57,733.61	3,68,171.29	5,08,723.97	22,00,624.96
Investments	-	-	-	46,022.07	4,929.30	20.84	46.64	-	30,000.00	9,913.74	90,932.59
Borrowings	169.76	87.45	8,043.19	1,26,485.51	99,362.96	92,724.84	2,18,829.13	8,16,323.80	5,24,672.62	1,13,484.30	20,00,183.56
Foreign currency asset	-	-	-	-	-	-	-	-	-	-	-
Foreign currency Liabilities	-	-	-	-	-	-	-	-	-	-	-

Particulars	Financial year 2021-22										
	1 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month upto 2 months	Over 2 month upto 3 months	Over 3 month and upto 6 months	Over 6 month and upto 1 years	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Advances	10,100.63	16,152.69	35,561.07	7,341.83	40,074.96	70,512.73	1,54,691.29	4,71,852.98	3,51,106.11	4,50,915.41	16,08,309.70
Investments	-	-	-	-	669.80	871.93	57.94	14,888.28	-	52,435.88	68,923.83
Borrowings	128.85	-	39,251.09	53,364.75	66,585.13	1,01,782.58	1,93,544.63	6,56,208.36	2,67,342.73	86,694.65	14,64,902.77
Foreign currency asset	-	-	-	-	-	-	-	-	-	-	-
Foreign currency Liabilities	-	-	-	1,690.60	1,836.25	3,512.99	1,683.41	-	-	-	8,723.25

The above bucketing has been arrived at based on the extant regulatory guidelines and the policy approved by the ALCO committee and relied upon by the auditors

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

46 Disclosure pursuant to RBI Notification - RBI/2021-22/47 DOR.STR.REC.21/21.04.048/2021-22 dated June 4, 2021

Type of borrower	For the year ended March 31, 2023				
	(A)	(B)	(C)	(D)	(E)
	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous year March 31, 2022 (A)*	Of (A), aggregate debt that slipped into NPA during the year	Of (A) amount written off during the year	Of (A) amount paid by the borrowers during the year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this year March 31, 2023
Personal Loans	569.46	127.31	98.97	136.60	306.27
Corporate persons	837.39	324.69	-	82.11	608.90
Of which, MSMEs	-	-	-	-	-
Others	1,737.45	31.04	-	976.99	739.61
Total	**3,144.30**	**483.04**	**98.97**	**1,195.70**	**1,654.78**

*Amount outstanding as on March 31, 2022

Type of borrower	For the year ended March 31, 2022				
	(A)	(B)	(C)	(D)	(E)
	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous year March 31, 2021 (A)*	Of (A), aggregate debt that slipped into NPA during the year	Of (A) amount written off during the year	Of (A) amount paid by the borrowers during the year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this year March 31, 2022
Personal Loans	-	-	-	2.75	569.46
Corporate persons	-	14.76	-	33.35	837.39
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	10.17	1,737.45
Total	**-**	**14.76**	**-**	**46.27**	**3,144.30**

*Amount outstanding as on March 31, 2021

47 Disclosure pursuant to RBI Circular - RBI/DOR/2021-22/86/DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021

(A)	Particulars	March 31, 2023			March 31, 2022	
		To Banks	To Others	Total	To Banks	Total
	Number of loans sold	15,067	1,916	16,983	20	20
	Aggregate amount (₹ in lakhs)	2,92,842.76	34,415.34	3,27,258.10	81,250.95	81,250.95
	Sale consideration (₹ in lakhs)	2,94,800.58	34,415.34	3,29,215.92	84,305.96	84,305.96
	Number of transactions	37	6	43	20	20
	Weighted average maturity (remaining)	124.72	112.48	122.70	5.20	5.20
	Weighted average holding period (after origination)	10.87	10.98	10.88	0.98	0.98

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

(A) Particulars	March 31, 2023			March 31, 2022	
	To Banks	To Others	Total	To Banks	Total
Retention of beneficial economic interest (average)	0 to 10%	10 to 53%	0 to 53%	0%	0%
Coverage of tangible security coverage	1x to 3x	1x to 3x	1x to 3x	1.15x to 2x	1.15x to 2x
Rating wise distribution of rated loans	BBB-, BBB, A-, A, A+	BBB-, A-, A	BBB-, BBB, A-, A, A+	A, A-, AA, BBB, BBB-, BBB+	A, A-, AA, BBB, BBB-, BBB+
Number of instances (transactions) where transferor has agreed to replace the transferred loans	NIL	NIL	NIL	NIL	NIL
Number of transferred loans replaced	N.A	N.A	N.A	N.A.	N.A.

a) The Company has not transferred any non-performing assets (NPAs).

b) The Company has not transferred any Special Mention Account (SMA) and loan in default.

c) The Company has not acquired any loans in default or not in default through assignment.

d) The Company has not acquired any stressed loan.

(B) Pool acquired (not in default) through assignment during year ended 31st March 2023

Particulars	March 31, 2023	March 31, 2022
Number of loans sold	41	-
Aggregate amount (₹ in lakhs)	3,050.00	-
Sale consideration (₹ in lakhs)	3,050.00	-
Number of transactions	1	-
Weighted average maturity in months (remaining)	92.96	-
Weighted average holding period in months (after origination)	25.96	-
Retention of beneficial economic interest (average)	10%	-
Coverage of tangible security coverage	100%	-
Rating wise distribution of rated loans	N.A	-
Number of instances (transactions) where transferor has agreed to replace the transferred loans	NIL	-
Number of transferred loans replaced	N.A	-

48 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 ₹269.47 lakhs due to such parties at year end. (March 31, 2022 ₹ 257.66 lakhs).

Details of dues to Micro, Small and Medium Enterprises

As per the confirmation received from the parties following is the status of MSME parties.

Particulars	March 31, 2023	March 31, 2022
The Principal amount remaining unpaid at the end of the year	269.47	257.66
The Interest Amount remaining unpaid at the end of the year	-	-
Interest paid along with amount of payment made to the supplier beyond the appointed day	-	-
Amount of interest due and payable for the period of delay on payments made beyond the appointed day	-	-

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	March 31, 2023	March 31, 2022
Amount of interest accrued and remaining unpaid	-	-
Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-
	269.47	257.66

49 Capital to Risk-Asset Ratio (CRAR)

1. The primary objectives of the Company's capital management policy is to ensure that the Company complies with RBI norms on capital adequacy requirements and maintains healthy capital ratios in order to support its business and to maximise shareholder value.
2. The Company manages its capital structure and makes adjustments to it according to changes in economic and risk conditions and regulatory requirements. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.
3. Tier I Capital consists of share capital, securities premium, retained earnings including current year profit less dividend distribution and reduced by deferred expenses, deferred taxes and intangible assets.
4. Tier II Capital consists of impairment provisions on financial instruments (assets) and subordinate debt.
5. Aggregate risk weighted assets:

   Under RBI guidelines, the degree of credit risk expressed as percentage weightage have been assigned to each of the on-balance sheet assets and off-balance sheet assets. Hence the value of each of the on-balance sheet assets and off-balance sheet assets required to be multiplied by the relevant risk weight to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio."
6. The Company's capital adequacy ratio, calculated in accordance with the Reserve Bank of India guidelines and disclosed using Ind-AS terminology, is as follows:

Capital to Risk-Asset Ratio (CRAR)

Particulars	As at March 31, 2023	As at March 31, 2022
CRAR- Tier I Capital	3,29,002.72	2,27,904.90
CRAR- Tier II Capital	1,18,161.19	83,513.54
Total Capital	4,47,163.91	3,11,418.44
CRAR (%)	20.10%	19.18%
CRAR- Tier I Capital (%)	14.79%	14.03%
CRAR- Tier II Capital (%)	5.31%	5.15%
Amount of subordinated debt raised as Tier-II Capital	30,000.00	17,500.00
Percentage of the amount of PDI of the amount of its Tier I Capital	12.57%	8.75%
Amount raised by issue of Perpetual Debt Instruments	22,500.00	20,000.00

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

50 Exposure* to Real Estate Sector

Particulars	As at March 31, 2023	As at March 31, 2022
i) Direct exposure		
a) Residential Mortgages –		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.	2,57,264.63	2,89,099.07
b) Commercial Real Estate –		
Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	4,74,006.96	4,22,172.57
c) Investments in Mortgage-Backed Securities (MBS) and other securitised exposures –		
i. Residential	-	-
ii. Commercial Real Estate	-	-
ii) Indirect Exposure		
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	-	-
Total Exposure to Real Estate Sector	**7,31,271.59**	**7,11,271.64**

* As per RBI Master Circular DBR.No.Dir.BC.12/13.03.00/2015-16 read with circular DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021, 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.

51 Exposure* to Capital Market

Particulars	As at March 31, 2023	As at March 31, 2022
i) 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	-	-
ii) 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	738.08	7,123.84
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	89,637.50
iv) 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	-	-
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	888.65	1,431.24
vi) 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	-	-
vii) Bridge loans to companies against expected equity flows / issues	-	-
viii) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
ix) Financing to stockbrokers for margin trading	-	-
x) All exposures to Alternative Investment Funds:	-	-
(i) Category I	-	-
(ii) Category II	-	-
(iii) Category III	-	-
Total Exposure to Capital Market	**1,626.73**	**98,192.58**

* 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 March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

52 Frauds detected and reported for the year amounted to ₹28.39 lakhs (previous year: ₹36.61 lakhs). The Company has written off entire amount for these fraud accounts.

53 The Company does not have any exposure to Derivatives including Forward Rate Agreements, Interest Rate Swaps and Exchange Traded Derivatives. (Previous year: NIL for Interest Rate Swaps and Exchange Traded Derivatives. For Forward rate agreement refer Note No. 13)

54 There has not been any limit exceeded for single borrower limit and group borrower limit as prescribed by the RBI based on the latest audited net owned funds.

55 There are no advances/projects financed by the Company wherein intangible security such as rights, licenses, authorisations etc. are charged as collateral as at March 31, 2023 and March 31, 2022.

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

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

58 India Ratings and Research Private Limited, Brickwork Ratings, CRISIL Limited and CARE Ratings have accredited the following ratings to the Company for the various facilities availed by the Company:

For the year ended March 31, 2023

FACILITY	CRISIL	INDIA RATINGS	Brickwork Ratings	CARE RATINGS	Amount (₹ in crores)
Non-Convertible Debenture	CRISIL AAA/ STABLE	IND AAA/STABLE	NA	CARE AAA/STABLE	CRISIL - 19,300
					CARE- 23,000
					INDIA RATING - 16,000
Principal protected Market linked Debentures	NA	IND AAA/STABLE	NA	CARE AAA/STABLE	India Rating - 500
					CARE - 1,500
Subordinated Debt	CRISIL AAA/ STABLE	IND AAA/STABLE	NA	CARE AAA/STABLE	CRISIL - 3,500
					CARE-3,500
					INDIA RATING - 1,500
Perpetual Debt	CRISIL AAA/ STABLE	NA	BWR AAA/STABLE	CARE AAA/STABLE	CRISIL - 1,200
					CARE-2,000
					BRICKWORK RATING - 300
Long Term Bank Loan	NA	IND AAA/STABLE	NA	NA	India Rating 23,000
Short Term Bank Loan	NA	IND A1+	NA	NA	India Rating 2,000
Bank Lines Long Term / Short Term	NA	NA	NA	CARE AAA/ STABLE/ CARE A1+	CARE- 10,000
Commercial paper	CRISIL A1+	IND A1+	NA	NA	CRISIL - 6,000
					INDIA RATING - 10,000

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

For the year ended March 31, 2022

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

59 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.

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

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

62 Concentration of Advances*

Particulars	As at March 31, 2023	As at March 31, 2022
Total Advances to Twenty Largest Borrowers	3,59,291.96	2,96,710.12
Percentage of Advances to Twenty Largest Borrowers to Total Advances	15.59%	17.85%

* Advances include borrower contractual outstanding balances

63 Concentration of Exposures*

Particulars	As at March 31, 2023	As at March 31, 2022
Total Exposure to Twenty Largest Borrowers / customers	3,67,509.95	3,04,192.66
Percentage of Exposures to Twenty Largest Borrowers / Customers to Total Exposure of Axis Finance on borrowers / customers	14.95%	16.81%

* 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.

64 Concentration of Non Performing Assets* (NPAs)

Particulars	As at March 31, 2023	As at March 31, 2022
Total exposure to top four Non Performing Assets	7,412.63	16,907.56

* Assets under Stage 3 are considered as NPAs

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

65 Sector-wise Non Performing Assets (NPAs)

Particulars	% of NPAs to Total Advances in that sector For the year ended March 31, 2023	% of NPAs to Total Advances in that sector For the year ended March 31, 2022
Agriculture and allied activities	-	-
MSME	-	-
Corporate borrowers	0.66%	1.67%
Services	-	-
Unsecured personal loans	0.68%	0.88%
Auto loans	-	-
Other personal loans	0.50%	0.18%

66 Sectoral exposure

Sectors	For the year ended March 31, 2023			For the year ended March 31, 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities						
2. Industry						
i. Large	1,48,951.35	-	-	-	-	-
Others	61,199.93	25.34	-	91,520.66	-	-
Total of Industry	**2,10,151.28**	**25.34**	**0.01%**	**91,520.66**	**-**	**-**
(i+...+Others)						
3. Services						
i. Other Services	2,21,764.05	-	-	-	-	-
ii. Professional Services	72,297.85	-	-	-	-	-
iii. Commercial Real Estate	6,18,630.83	-	-	3,99,456.44	-	-
iv. NBFC's	68,738.94	-	-		-	-
Others	44,117.53	8,585.21	-	2,73,268.13	17,141.93	-
Total of Services	**10,25,549.20**	**8,585.21**	**0.84%**	**6,72,724.57**	**17,141.93**	**2.55%**
(i+ii+...+Others)						
4. Personal Loans						
Others	-	-	-	-	-	-
Total of Personal Loans	**-**	**-**	**-**	**-**	**-**	**-**
(i+ii+...+Others)						

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Sectors	For the year ended March 31, 2023			For the year ended March 31, 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
5. Others, if any (please specify)						
i. Housing Loans (incl. priority sector Housing)	2,59,129.39	-	-	-	-	-
ii. Other Retail loans	5,26,358.39	-	-	3,97,790.74	-	-
iii. Other Non-food Credit	3,93,879.23	-	-	-	-	-
Others	1,953.15	5,079.15	-	6,22,686.05	3,255.32	
Total of Others, if any (please specify)	**11,81,320.16**	**5,079.15**	**0.43%**	**10,20,476.79**	**3,255.32**	**0.32%**
	24,17,020.64	**13,689.70**	**0.57%**	**17,84,722.02**	**20,397.25**	**1.14%**

67 Intra-group exposures

Particulars	As at March 31, 2023	As at March 31, 2022
Total amount of intra-group exposures	0.00%	0.00%
Total amount of top 20 intra-group exposures	0.00%	0.00%
Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	0.00%	0.00%

68 Movement of Non Performing Assets (NPAs)

	Particulars	As at March 31, 2023	As at March 31, 2022
(i)	**Net NPAs to Net Advances (%)**	0.26%	0.42%
	(Net Advances include investment of amount ₹ in lakhs (March 31, 2023 : 39,127.90 and March 31, 2022 : 24,721.50)		
	(Only Stage 3 ECL is considered while computing Net Advances)		
(ii)	**Movement of NPAs (Gross)**		
	Opening balance	20,397.25	31,518.70
	Additions during the year	9,794.06	10,996.61
	Reductions during the year	(16,501.61)	(22,118.06)
	Closing balance	**13,689.70**	**20,397.25**
(iii)	**Movement of NPAs (Net)**		
	Opening balance	6,965.22	20,409.25
	Additions during the year	2,183.19	3,036.41
	Reductions during the year	(3,289.84)	(16,480.44)
	Closing balance	**5,858.57**	**6,965.22**
(iv)	**Movement of Provision on NPAs (excluding provision on Standard Assets)**		
	Opening balance	13,432.03	11,109.45
	Additions during the year	3,905.83	7,960.20
	Reductions during the year	(9,506.73)	(5,637.62)
	Closing balance	**7,831.13**	**13,432.03**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

Asset Classification as per RBI Norms	FY 2022-23					
	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	21,87,920.49	19,461.52	21,68,458.97	8,687.29	10,774.23
Standard	Stage 2	28,849.87	2,542.45	26,307.42	114.49	2,427.96
Subtotal		**22,16,770.36**	**22,003.97**	**21,94,766.39**	**8,801.78**	**13,202.19**
Non-Performing Assets (NPA)						
Substandard	Stage 3	6,298.58	4,058.12	2,240.45	629.38	3,428.74
Doubtful - 1	Stage 3	1,048.53	624.54	423.99	209.71	414.83
Doubtful - 2	Stage 3	6,342.59	3,148.46	3,194.13	1,902.78	1,245.68
Doubtful - 3	Stage 3	-	-	-	-	-
Subtotal for doubtful		**7,391.12**	**3,773.00**	**3,618.12**	**2,112.48**	**1,660.51**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**13,689.70**	**7,831.12**	**5,858.57**	**2,741.86**	**5,089.25**
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	21,87,920.49	19,461.52	21,68,458.97	8,687.29	10,774.23
	Stage 2	28,849.87	2,542.45	26,307.42	114.49	2,427.96
	Stage 3	13,689.70	7,831.12	5,858.57	2,741.86	5,089.25
Total		**22,30,460.06**	**29,835.09**	**22,00,624.96**	**11,543.65**	**18,291.44**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Asset Classification as per RBI Norms	FY 2021-22					
	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109*	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	16,01,975.43	13,042.33	15,88,933.10	6,439.37	6,602.96
Standard	Stage 2	14,893.22	1,501.63	13,391.59	378.24	1,123.39
Subtotal		**16,16,868.65**	**14,543.96**	**16,02,324.69**	**6,817.61**	**7,726.35**
Non-Performing Assets (NPA)						
Substandard	Stage 3	3,499.78	2,565.91	933.87	1,969.48	596.43
Doubtful - 1	Stage 3	5,324.29	3,694.03	1,630.26	3,693.72	0.31
Doubtful - 2	Stage 3	11,530.44	7,129.35	4,401.09	5,776.40	1,352.95
Doubtful - 3	Stage 3	-	-	-	-	-
Subtotal for doubtful		**16,854.73**	**10,823.39**	**6,031.35**	**9,470.12**	**1,353.25**
Loss	Stage 3	42.74	42.74	-	42.74	-
Subtotal for NPA		**20,397.25**	**13,432.03**	**6,965.22**	**11,482.33**	**1,949.69**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**
	Stage 1	16,01,975.43	13,042.33	15,88,933.10	6,439.37	6,602.96
	Stage 2	14,893.22	1,501.63	13,391.59	378.24	1,123.39
	Stage 3	20,397.25	13,432.03	6,965.22	11,482.36	1,949.67
Total		**16,37,265.90**	**27,975.99**	**16,09,289.91**	**18,299.97**	**9,676.02**

*While calculating ECL, the Credit conversion factor on undrawn commitment has been considered as a part of Exposure at Default.

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Note 70

Disclosure on restructured accounts

S.N.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
	Asset Classification		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2022	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
2	Fresh Restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of year and hence need not be shown as restructured standard advances at the beginning of the next year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on March 31, 2023 of the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-

Note: No account has been restructured during previous year ended March 31, 2022

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Others					Total				
Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	1.00	-	-	1.00	-	1.00	-	-	1.00
-	24.13	-	-	24.13	-	24.13	-	-	24.13
-	18.46	-	-	18.46	-	18.46	-	-	18.46
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	1.00	-	-	1.00	-	1.00	-	-	1.00
-	24.13	-	-	24.13	-	24.13	-	-	24.13
-	18.46	-	-	18.46	-	18.46	-	-	18.46

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

71 Liquidity Coverage Ratio (FY 2022-23)

Reserve Bank of India (RBI) had introduced Liquidity Coverage Ratio (LCR) (effective from December 1, 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, 2023, the applicable minimum LCR required to be maintained by the Company is 70.00%.

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 Board of Directors for noting and discussion.

During the three months ended March 31, 2023, Axis Finance Limited maintained daily average HQLA (after applicable haircut) of ₹43,610.87 lakhs against the average HQLA requirement of ₹43,910.57 lakhs at minimum LCR requirement of 70.0%. The daily average LCR of Axis Finance Limited for the three months ended March 31, 2022 was 190.79% (The daily average LCR of Axis Finance for the three months ended December 31, 2022 was 132.82%). 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").

Particulars		Three months ended March 31, 2023		Three months ended December 31, 2022		Three months ended September 30, 2022		Three months ended June 30, 2022	
		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)	43,910.57	43,610.87	42,138.30	41,838.30	34,909.44	34,609.44	36,153.52	35,853.52
Cash Outflows									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	19,375.50	22,281.82	45,646.75	52,493.76	34,158.06	39,281.77	25,832.77	29,707.69
4	Secured wholesale funding	45,230.51	52,015.09	38,702.70	44,508.11	31,134.17	35,804.30	22,244.62	25,581.32
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	-	-	-	-	-	-	-	-

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars		Three months ended March 31, 2023		Three months ended December 31, 2022		Three months ended September 30, 2022		Three months ended June 30, 2022	
		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)#
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	14,899.47	17,134.39	25,218.92	29,001.75	14,663.47	16,862.99	16,908.69	19,444.99
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**Total Cash Outflows**	**79,505.48**	**91,431.30**	**1,09,568.37**	**1,26,003.62**	**79,955.70**	**91,949.06**	**64,986.08**	**74,734.00**
Cash Inflows									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	27,417.80	20,563.35	50,288.61	37,716.45	30,178.65	22,633.99	24,565.34	18,424.00
11	Other cash inflows (Note 2)	1,77,194.97	1,32,896.23	1,70,748.05	1,28,061.04	1,32,301.20	99,225.90	1,16,578.58	87,433.93
12	**Total Cash Inflows**	**2,04,612.77**	**1,53,459.58**	**2,21,036.66**	**1,65,777.49**	**1,62,479.85**	**1,21,859.89**	**1,41,143.92**	**1,05,857.93**
13	**Total HQLA**	**43,910.57**	**43,610.87**	**42,138.30**	**41,838.30**	**34,909.44**	**34,609.44**	**36,153.52**	**35,853.52**
14	**Total Net Cash Outflows**	**19,876.37**	**22,857.83**	**27,392.09**	**31,500.90**	**19,988.93**	**22,987.27**	**16,246.52**	**18,683.50**
15	**Liquidity Coverage Ratio (%)**	**220.92%**	**190.79%**	**153.83%**	**132.82%**	**174.64%**	**150.56%**	**222.53%**	**191.90%**

*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 level 2 bonds.
2. Includes liquid fund balances.
3. The LCR requirement as per RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 4, 2019, is applicable to the Company From December 1, 2020.

71 Liquidity Coverage Ratio (FY 2021-22)

Reserve Bank of India (RBI) had introduced Liquidity Coverage Ratio (LCR) (effective from December 1, 2020) as part of Liquidity Risk Management Framework (LRMF) to ensure that a NBFC has adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant liquidity stress lasting for a period of 30 days. LCR is defined as a ratio of HQLA to the total net cash outflows over the next 30 calendar days. As on March 31, 2022, the applicable minimum LCR required to be maintained by the Company is 60.00%.

The Company's liquidity strategy is managed by the Asset Liability Management Committee (ALCO), a management level committee. Meetings of the ALCO are held on a monthly basis. The Risk Management Committee (RMC), a sub-committee of the Board of Directors of the Company along with Chief Risk Officer being the permanent invitee, oversees the liquidity risk management. The minutes of RMC are placed before the the Board of Directors for noting and discussion.

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

During the three months ended March 31, 2022, Axis Finance Limited maintained daily average HQLA (after applicable haircut) of ₹39,390.26 lakhs against the average HQLA requirement of ₹10,785.98 lakhs at minimum LCR requirement of 60.0%. The daily average LCR of Axis Finance Limited for the three months ended March 31, 2022 was 219.12% (The daily average LCR of Axis Finance for the three months ended December 31, 2021 was 167.49%). HQLA primarily includes Government securities viz. Central and State Government securities and small portion in eligible corporate bonds with mandated haircuts.

The weighted cash outflows are primarily driven by secured funding which includes debt obligations on NCDs and bank borrowings. The total weighted cash inflows are primarily driven by performing exposures and lines of credit from Axis Bank Limited ("Parent Company").

	Particulars	Three months ended March 31, 2022		Three months ended December 31, 2021		Three months ended September 30, 2021		Three months ended June 30, 2021	
		Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA) (Refer Note 1)	39,656.70	39,390.26	30,819.40	30,519.40	37,372.99	37,072.99	38,955.17	38,655.17
Cash Outflows									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	57,656.25	66,304.69	50,634.92	58,230.16	58,179.01	66,905.86	49,340.66	56,741.76
4	Secured wholesale funding	4,871.16	5,601.83	12,746.20	14,658.13	15,787.69	18,155.85	31,000.99	35,651.14
5	Additional requirements, of which	-	-	-	-	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	-	-	-	-	-	-	-	-
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**Total Cash Outflows**	**62,527.41**	**71,906.52**	**63,381.12**	**72,888.29**	**73,966.70**	**85,061.71**	**80,341.65**	**92,392.90**

Notes

forming part of financial statement for the year ended March 31, 2023

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

Particulars		Three months ended March 31, 2022		Three months ended December 31, 2021		Three months ended September 30, 2021		Three months ended June 30, 2021	
		Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#	Total Unweighted Value (average)*	Total Weighted Value (average)#
Cash Inflows									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	34,302.35	25,726.76	93,817.62	70,363.22	43,199.67	32,399.75	23,663.03	17,747.27
11	Other cash inflows (Note 2)	78,424.07	58,818.05	91,428.57	68,571.43	1,07,500.00	80,625.00	1,10,766.67	83,075.00
12	**Total Cash Inflows**	**1,12,726.42**	**84,544.81**	**1,85,246.19**	**1,38,934.65**	**1,50,699.67**	**1,13,024.75**	**1,34,429.70**	**1,00,822.27**
13	**Total HQLA**	**39,656.70**	**39,390.26**	**30,819.40**	**30,519.40**	**37,372.99**	**37,072.99**	**38,955.17**	**38,655.17**
14	**Total Net Cash Outflows**	**15,631.85**	**17,976.63**	**15,845.28**	**18,222.07**	**18,491.68**	**21,265.43**	**20,085.41**	**23,098.22**
15	**Liquidity Coverage Ratio (%)**	**253.69%**	**219.12%**	**194.50%**	**167.49%**	**202.11%**	**174.33%**	**193.95%**	**167.35%**

*Unweighted values calculated as average monthly outstanding balances maturing or callable within 30 days (for inflows and outflows).

Weighted values calculated after the application of respective stress factors on inflow (75%) and outflow (115%)

Note:

1. HQLA primarily includes Government securities viz. Central and State Government securities and small portion in eligible level 2 bonds.
2. Includes liquid fund balances.
3. The LCR requirement as per RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 4, 2019, is applicable to the Company form December 1, 2020.

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

73 Unhedged foreign currency exposure: The company does not have any unhedged foreign currency exposure as on March 31, 2023 (March 31, 2022 : NIL)

74 Note on operating segment:

There is no separate reportable segment as per IND AS 108 on "Operating segment" in respect of the Company. The Company operates in single segment only. There are no operations outside India and hence there is no external revenue or assets which require disclosure. Further, no revenue from transactions with a single external customer amounted to 10% or more of the Company's total revenue in the year ended March 31, 2023 or March 31, 2022."

75 Pending Litigation:

The Company's pending litigations comprise of claims against the Company by the customers and proceedings pending with other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in the financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results."

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

76 With effect from July 1, 2021, the Parent Bank has advised the Company to reimburse the cost of ESOP instead of earlier method of treating the same as deemed capital contribution. Accordingly, the Company has recorded an expense of ₹860.15 lakhs for current financial year (Previous year : ₹311.97 lakhs), under employee benefit expense during the year ended March 31, 2023.

77 Customer Complaints

Particulars	As at March 31, 2023	As at March 31, 2022
Complaints received by the NBFC from its customers	-	-
1) Number of complaints pending at beginning of the year	-	-
2) Number of complaints received during the year	3864	55
3) Number of complaints disposed during the year	3816	55
3.1) Of which, number of complaints rejected by the NBFC	232	-
4) Number of complaints pending at the end of the year	48	-
Maintainable complaints received by the NBFC from Office of Ombudsman		
5) Number of maintainable complaints received by the NBFC from Office of Ombudsman	46	6
5.1) Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	44	6
5.2) Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	2	-
5.3) Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6) Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Top five grounds of complaints received by the Company from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
2022-23					
Ground - 1(Foreclosure Related)	-	959	136.00%	7	2
Ground - 2(Payment Related)	-	440	100.00%	10	-
Ground - 3 (Documents Related)	-	419	100.00%	8	-
Ground - 4(Refund/Waiver/Discount Related)	-	288	100.00%	6	1
Ground - 5 (ROI/Tenure Related)	-	237	100.00%	4	-
Others	-	1521		33	4
Total		**3864**		**68**	**7**
2021-22					
Ground - 1(Foreclosure Related)	-	7	NA	NA	NA
Ground - 2 (CIBIL Related)	-	4	NA	NA	NA
Ground - 3 (Loan Restructure Related)	-	3	NA	NA	NA
Ground - 4 (Behaviour Issue of Collection Team)	-	3	NA	NA	NA
Ground - 5 (Refund of Prepayment charges)	-	2	NA	NA	NA
Others	-	36	NA	NA	NA
Total		**55**			

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

78 Code on Social Security:

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules / interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective. "

79 In terms of requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning ('IRACP') norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning), as at March 31, 2023 and accordingly, no amount is required to be transferred to impairment reserve.

80 Disclosures in compliance with RBI circular dated April 19, 2022 on "Disclosures in financial statements" and disclosures in compliance with MCA notification dated March 24, 2021 which are not applicable to the Company, have not been disclosed as a part of financial statements.

81 Event after Reporting Date

Subsequent events are tracked and evaluated by the Company. There are no events / information which requires adjustment in financial statements as per Ind AS 10.

82 During the financial year ended March 31, 2023, the Company has opted for change in estimate by relying on behavioural tenure of the loan repayment instead of contractual tenure of the loan for Retail Portfolio. Impact of the same is as below:

Particulars	Contractual	Behavioural	Impact
Amortisation of EIR	287.00	1,129.00	842.00
Total	**287.00**	**1,129.00**	**842.00**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

83 Related Party Disclosure in compliance with RBI circular dated April 19, 2022 - "Disclosures in financial statements

Related Party	Parent (as per ownership or control)			Subsidiaries			Associates/ Joint ventures		
Items	**2022-23**	**2021-22**	**Max O/S during year**	**2022-23**	**2021-22**	**Max O/S during year**	**2022-23**	**2021-22**	**Max O/S during year**
Borrowings**	1,01,051.45	60,292.69	1,20,293.20	-	-	-	-	-	-
Equity Share Capital	59,081.39	53,851.25	-	-	-	-	-	-	-
Deposits	-	183.13	183.13	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Other Liability	116.61	61.09	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
Purchase of fixed / other assets	-	-	-	-	-	-	-	-	-
Sale of fixed / other assets	1,12,772.22	87,360.97	-	-	-	-	-	-	-
Interest paid	6,603.20	3,582.16	-	-	-	-	-	-	-
Interest received	177.60	86.04	-	-	-	-	-	-	-
Share based payments to employees	860.15	311.97	-	-	-	-	-	-	-
Securities Permium	34,713.04	-	-	-	-	-	-	-	-
Remunaration	-	-	-	-	-	-	-	-	-
Others	907.00	893.01	-	-	-	-	-	-	-

*Includes transactions with other fellow subsidiaries

** Maximum outstanding balance excluding interest outstanding amounting to ₹475.93 lakhs

Notes

forming part of financial statement for the year ended March 31, 2023

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

	Key Management Personnel			Relatives of Key Management Personnel			Others*			Total		
	2022-23	2021-22	Max O/S during year	2022-23	2021-22	Max O/S during year	2022-23	2021-22	Max O/S during year	2022-23	2021-22	Max O/S during year
	-	-	-	-	-	-	-	-	-	1,01,051.45	60,292.69	1,20,293.20
	-	-	-	-	-	-	-	-	-	59,081.39	53,851.25	-
	-	-	-	-	-	-	-	-	-	-	183.13	183.13
	-	-	-	-	-	-	-	-	-	-	-	-
	119.90	127.00	127.00	-	-	-	-	-	-	119.90	127.00	127.00
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	3.86	0.07	-	120.47	61.16	-
	-	-	-	-	-	-	-	552.36	-	-	552.36	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	1,12,772.22	87,360.97	-
	-	-	-	-	-	-	-	-	-	6,603.20	3,582.16	-
	-	-	-	-	-	-	-	-	-	177.60	86.04	-
	-	-	-	-	-	-	-	-	-	860.15	311.97	-
	-	-	-	-	-	-	-	-	-	34,713.04	-	-
	993.51	774.24	-	-	-	-	-	-	-	993.51	774.24	-
	-	-	-	-	-	-	14.27	44.57	-	921.27	937.58	-

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

84 RBI Disclosures

Particulars		Amount outstanding as at March 31,2023	Amount overdue as at March 31, 2023	Amount outstanding as at March 31,2022	Amount overdue as at March 31, 2022
Liabilities side :					
(1)	**Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:**				
	(a) Debentures : Secured	7,08,698.37	-	7,16,585.63	-
	: Unsecured (other than falling within the meaning of public deposits*)	1,53,020.77	-	98,956.16	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	10,50,807.34	-	5,49,456.66	-
	(d) Inter-corporate loans and borrowing	-	-	-	-
	(e) Commercial Paper	87,657.08	-	1,08,627.57	-
	(f) Public Deposits*	-	-	-	-
	(g) Other Loans (Bank's Line of Credit)	-	-	-	-
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :**				
	(a) In the form of Unsecured debentures	-	-	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	(c) Other public deposits	-	-	-	-

Note

As defined 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 31,2023	Amount overdue as at March 31, 2023	Amount outstanding as at March 31,2022	Amount overdue as at March 31, 2022
Assets side :					
(3)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :**				
	(a) Secured	18,34,980.85	3,027.84	13,57,450.53	11,692.72
	(b) Unsecured	3,95,479.21	648.05	2,78,835.15	515.00
(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	-	-	-	-

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	Amount outstanding as at March 31,2023	Amount overdue as at March 31, 2023	Amount outstanding as at March 31,2022	Amount overdue as at March 31, 2022
(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	-	-	-	-

(5) Break-up of Investments :	As at March 31, 2023	As at March 31, 2022
Current Investments :		
(a) Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	4,587.70	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	47,391.50	44,314.05
(v) Others	-	-
(b) Unquoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
Long Term Investments :		
(a) Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	9,887.45	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
(b) Unquoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	29,240.44	24,721.50
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
	91,107.09	**69,035.55**

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

(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, 2023			Amount net of provisions as at March 31, 2022		
	Secured	Unsecured	Total	Secured	Unsecured	Total
(a) Related Parties **						
(i) Subsidiaries	-	-	-	-	-	-
(ii) Companies in the same group	-	-	-	-	-	-
(iii) Other related parties	-	-	-	-	-	-
(b) Other than related parties	18,11,583.51	3,89,041.45	22,00,624.96	13,34,539.00	2,73,770.70	16,08,309.70
Total	**18,11,583.51**	**3,89,041.45**	**22,00,624.96**	**13,34,539.00**	**2,73,770.70**	**16,08,309.70**

(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, 2023	Book Value (Net of Provisions) as at March 31, 2023	Market Value / Break up or fair value or NAV* as at March 31, 2022	Book Value (Net of Provisions) as at March 31, 2022
(a) Related Parties **				
(i) Subsidiaries	-	-	-	-
(ii) Companies in the same group	-	-	-	-
(iii) Other related parties	-	-	-	-
(b) Other than related parties	86,737.01	90,932.59	65,561.97	68,923.83
Total	**86,737.01**	**90,932.59**	**65,561.97**	**68,923.83**

* Disclosure is made in respect of available information

** As per Accounting Standard of ICAI (Please see Note 2)

Notes

forming part of financial statement for the year ended March 31, 2023
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

(8) Other information

Particulars	2022-23	2021-22
(a) Gross Non-Performing Assets		
(i) Related parties	-	-
(ii) Other than related parties	13,689.70	20,397.25
(b) Net Non-Performing Assets		
(i) Related parties	-	-
(ii) Other than related parties	5,858.57	6,965.22
(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.

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

As per our attached report of even date

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

Shweta Singhal
Partner
Membership No.: 414420
Place of Signature: Mumbai
Date: April 13, 2023

For B.K.Khare & Co.
Chartered Accountants
ICAI Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No.: 040852
Place of Signature: Mumbai
Date: April 13, 2023

For and on behalf of the board of Axis Finance Limited

Amitabh Chaudhry
Chairman
DIN No: 00531120

Bipin Kumar Saraf
Managing Director
DIN No: 06416744

Amith Iyer
Chief Financial Officer
Membership No: 51849

Rajneesh Kumar
Company Secretary
Membership No: A31230
Date: April 13, 2023

Corporate Information

Leadership Team

Bipin Saraf
MD & CEO

Biju Pillai
DMD and Whole Time Director

Kishor Babu
Chief Risk Officer

Bal Krishna Thakur
Chief Compliance Officer

Vishal Sharan
Head Business, Corporate Banking

Amith Iyer
CFO & Treasury Head

Deepti Dayal
Corporate Banking

Rajneesh Kumar
Company Secretary and Head (Legal)

Balaji Natarajan
Head Strategy and Alliances

Statutory Auditors

M/s. B K Khare & Co. LLP
Chartered Accountants

M/s. Singhi & Co. LLP
Chartered Accountants

Secretarial Auditors

Mr. Virendra Bhatt
Practising Company Secretary

Internal Auditors

Mr. Farahad Moghal
Head Internal Audit

Bankers

- Axis Bank Ltd.
- HDFC Bank Ltd.
- ICICI Bank
- Federal bank
- Punjab & Sind Bank
- State Bank of India
- The Hongkong and Shanghai Banking Corporation Limited
- Bank of Baroda
- Mizuho Bank Ltd.
- Canara Bank
- Union Bank of India
- IDBI Bank
- Indian Bank
- Small Industries Development Bank of India

Registered and Corporate Office

Ground Floor, Axis House, C-2 Wadia International Centre, P.B. Marg, Worli, Mumbai – 400025.
Company's Debentures are listed at BSE Limited.

Debenture Trustee

CATALYST TRUSTEESHIP LIMITED (Formerly known as GDA Trusteeship Limited)
Office No. 604, Windsor,
Off, CST Road, Kolivery Village,
Vidya Nagari, Kalina, Santacruz East,
Mumbai, Maharashtra 400098
Tel: +91-22-49220555
Fax: +91-22-49220505
Email: dt@ctltrustee.com
Website: www.catalysttrustee.com

Registrar and Transfer Agent (For NCDs)

LINK INTIME INDIA PRIVATE LIMITED
Office: C 101, 247 Park, L B S Marg,
Vikhroli West, Mumbai 400 083
Tel: +91 22 49186000
Fax: +91 22 49186060
Email: mumbai@linkintime.co.in
Website: www.linkintime.co.in

Registrar & Share Transfer Agent (For Equity Shares)

KFIN TECHNOLOGIES PRIVATE LIMITED
Selenium Tower - B, Plot No 31 & 32,
Financial District, Nanakgramguda,
Serilingampally Mandal,
Hyderabad - 500032. Telangana.
Tel No.: +91 40-6716 2222
Fax No.: +91 40-2300 1153
Toll Free No.: 1800-345-4001
Email: karisma@kfintech.com

AXIS FINANCE

Axis Finance Limited
Axis House, C-2 Wadia International Centre,
P. B. Marg, Worli, Mumbai – 400 025, India
www.axisfinance.co.in

/Concept, content and design at AICL (hello@aicl.in)