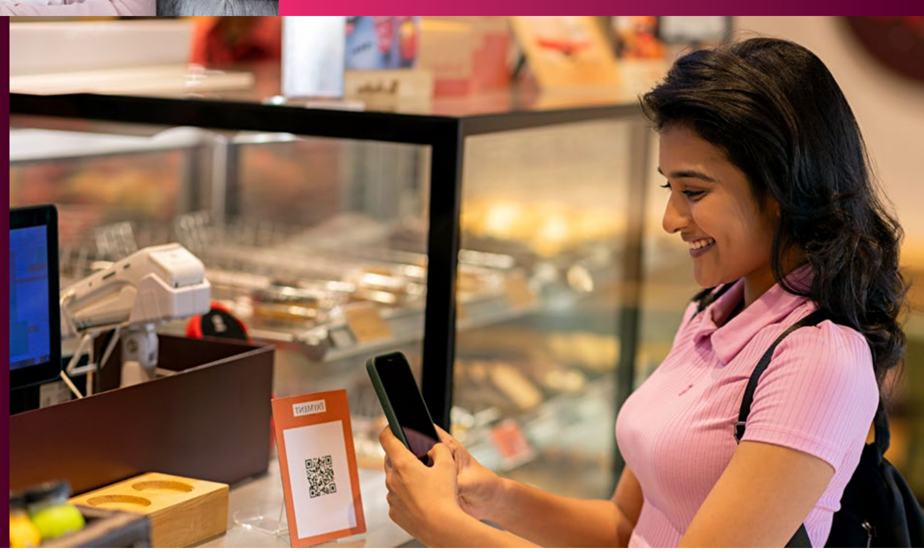
AXIS FINANCE
Axis Finance Limited

Diversify

De-Risk

Digitize



Driving a Sustainable Future

Annual Report 2023-2024

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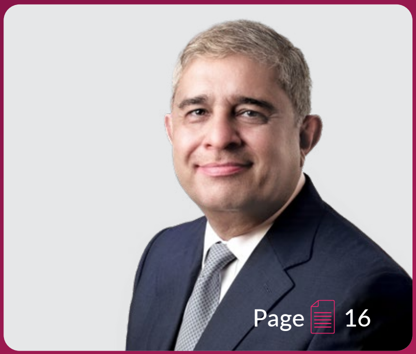


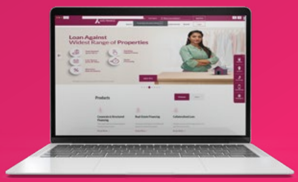
Highlights FY 2024

AUM (₹ in Crore)
35,315 ↑ 41%

PAT (₹ in Crore)
597.20 ↑ 3%

ROE
16.50% ↓ 22%

NPA
0.46% ↓ 14 bps



or

For more details visit our website: *www.axisfinance.in*

Diversify

De-Risk

Digitize

Driving a sustainable future

We are one of the fastest-growing NBFCs with one of the best profitability and asset quality metrics. We have achieved this feat by diversifying our businesses, adopting compliance and governance to de-risk, and digitalising our functions to build productivity and efficiency.

Both our corporate and retail businesses are doing very well and we are on the path being a 'Financier of Choice' across all products and price points we operate in. Going ahead, our quest is to build more granularity in our portfolio, improve profitability further, and use digital technology to enhance our product and service offerings while offering a smooth, hassle-free experience to our customers.

Most importantly, as we grow, we want to become a responsible organisation. We have started integrating ESG strategies into our businesses. Our objective is to continue to serve the financial needs and aspirations of the people in a sustaianble manner.

Key stakeholders

Customers	Employees	Investors	Clients	Government and regulators	Society	Partners

Technology-driven. Human touch enabled.

Axis Finance is one of the fastest-growing non-banking financial companies (NBFC) in India. A subsidiary of Axis Bank, we offer a diverse suite of financial solutions across Wholesale, Retail, and Emerging Markets verticals. We strive to become the partner of choice for all our stakeholders through our nationwide reach, decentralised model, and technology-led customer-centric approach.

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

₹35,315 Crore
AUM

19.11%
Capital Adequacy ratio

1370
Employees

200+
Locations

₹9.99 Crore
CSR Spend

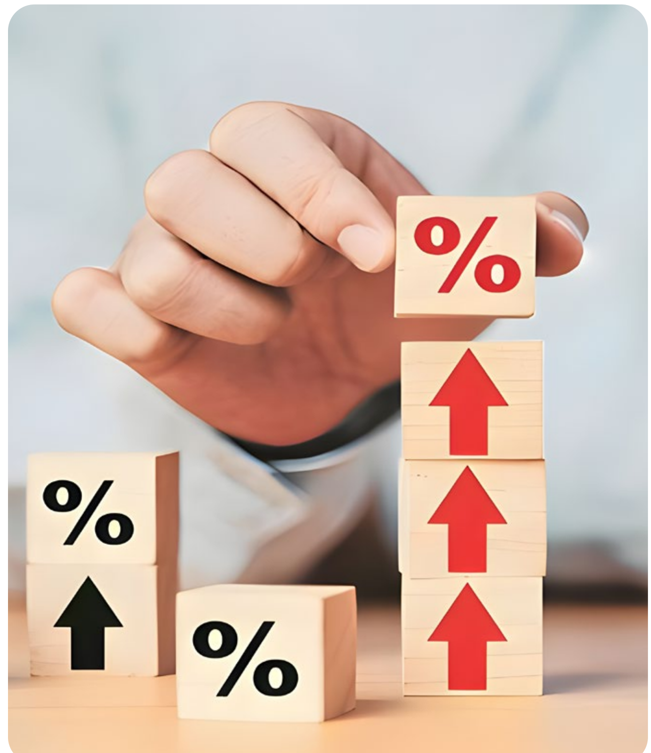
AAA
Long-term credit rating

Widened national footprint

54
Total number of branches

GPS strategy

Over the years, we have embraced the GPS - Growth, Profitability and Sustainability strategy and scaled new heights. Following our strategy, during the year, we kept customer at the core, improved the momentum and quality of our loan book, introduced new products and invested in technology to improve our operational efficiency while emphasising on building a responsible business as we strive to become one of the best NBFCs in India. GPS strategy will enable us to achieve sustained, consistent performance across business lines, while delivering exceptional customer experience. We believe that our continued focus on the GPS strategy will enable us to become a corporate citizen admired by our stakeholders



Growth

- Grow business sustainably
- Sustain growth in Wholesale Bank
- Continue momentum in Retail Bank and MSME
- Scale-up digital materially

Profitability

- Optimise business mix
- Focus on cost rationalisation
- Sweat existing infrastructure
- Deliver sustainable long term ROE
- Best in class asset quality metric

Sustainability

- Strengthen technology, operations, credit-risk and process excellence that leads to disciplined execution
- Adopt conservatism in internal policies and practices
- Increased focus on ESG governance

Offer seamless and personalized customer journeys.

Pioneering digital finance

Empower India's MSME through highly scalable model

Corporate and retail banking

After starting our operations in the wholesale segment, we gradually diversified into retail in 2019 and forayed into emerging markets in H2 of FY 2021-22. Recently, we merged our wholesale and emerging markets verticals and branded it as corporate banking. Our AUMs have grown at a CAGR of 34% over the last five years.

Diversified loan portfolio (basis AUF)

8,572 Crore
Corporate Loan

4,545 Crore
Collateralised

1,919 Crore
Emerging loan

2,041 Crore
RE Funding

7,988 Crore
Retail LAP

283 Crore
Business Loan

2,037 Crore
Housing Loan

4,029 Crore
Personal Loan

Business verticals

Corporate banking

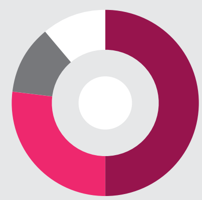
Our Corporate Banking portfolio accounting for 53% of our overall loan book, comprises a comprehensive set of product offerings catering to SME, mid-corporates, large corporates and strategic conglomerates. We provide bespoke solutions to varied financing needs of customers. The product offerings can be classified into the following 4 heads:

Corporate Loans
Loan Facilities of wide-range tenures (3 months to 10 years) to corporates across sizes and sectors having a cashflow-backed business model.

Collateralised Loans
Secured loans against a variety of asset classes with an identified cash-flow (LRD, hospital, school, hotel funding etc.)

Real Estate Loans
Predominantly inventory funding, selective last mile and construction funding basis developer profile

Corporate banking loan components



Corporate loans	50%
Collateralised loans	27%
Real estate loans	12%
Emerging corporate loans	11%

₹17,077 Crore
Corporate loan portfolio

Emerging Corporate Loans
Smaller ticket secured loans (ATS: ₹5-25 Crore) providing customised solutions to MSMEs and Emerging Corporates for meeting their growth capital needs, especially focused towards select sectors like healthcare, hospitality and education

Strengths

- 'Preferred Lender' as validated by continuous repeat business from multiple borrower groups
- Industry best TAT
- Best-in-class Asset Quality metrics
- Industry best Credit Underwriting

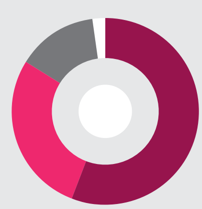
25%
3-year CAGR

Retail segment

Our retail vertical accounts for 45% of our overall loan book. Over the last four years, our retail book has grown at a CAGR of 150%. The retail lending segment provides a bouquet of products led by Loan Against Property, Housing Loan, Personal Loan and Business Loan.

₹14,337 Crore
Retail Segment portfolio

Retail segment loan components



LAP	56%
Personal loans	28%
Housing loan	14%
Business loans	02%

Strengths

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

97%
3 year CAGR

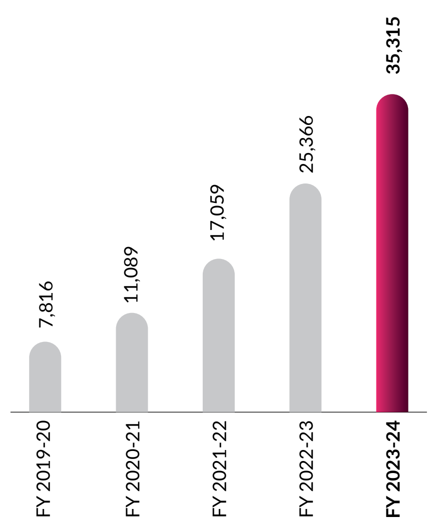
For more on corporate and retail business please refer to MDA Page - 75

De-risk growth. Strengthen fundamentals.

Completing more than 11 years in business, we are filled with pride and gratitude to our customers. We have continued our strong performance even in a challenging financial year.

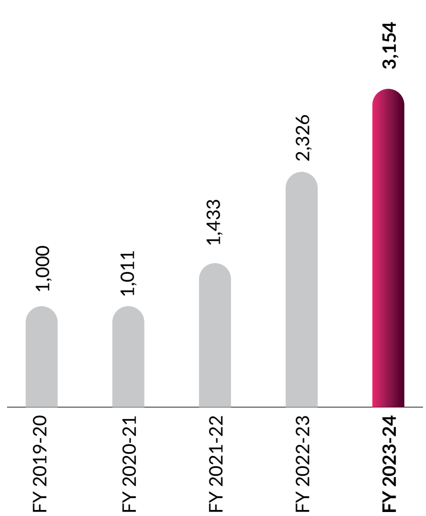
Gross AUM (₹ in Crore)

39% 46%



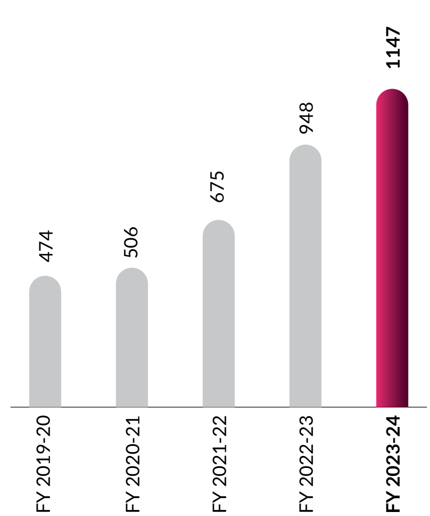
Total Income (₹ in Crore)

36% 33%



Net Interest Income (₹ in Crore)

21% 25%

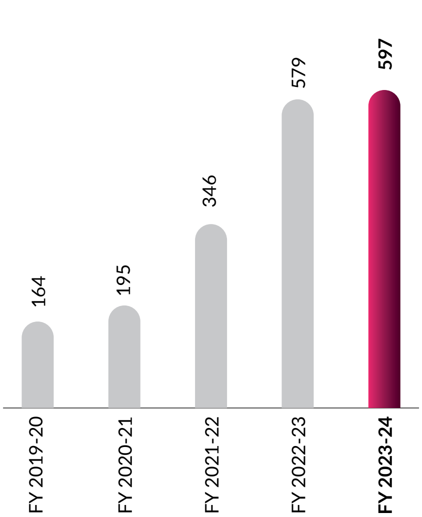


Y-o-Y growth

4-year CAGR

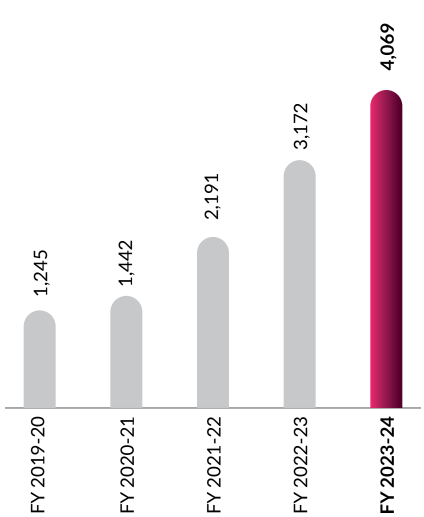
Profit After Tax (₹ in Crore)

3% 38%



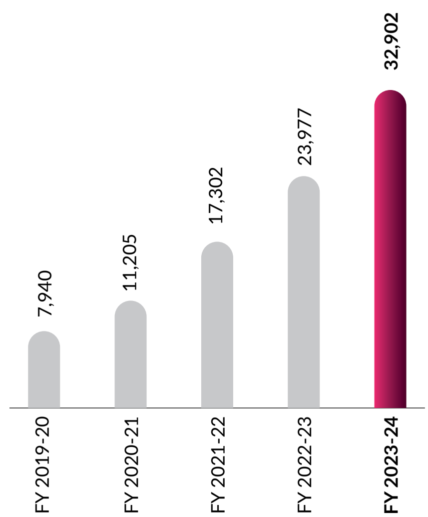
Net Worth (₹ in Crore)

28% 34%



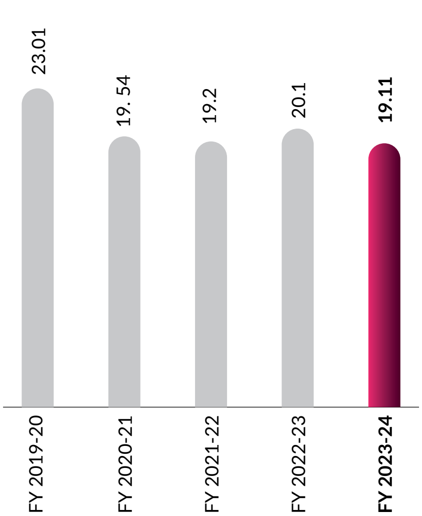
Total Assest (₹ in Crore)

37% 43%



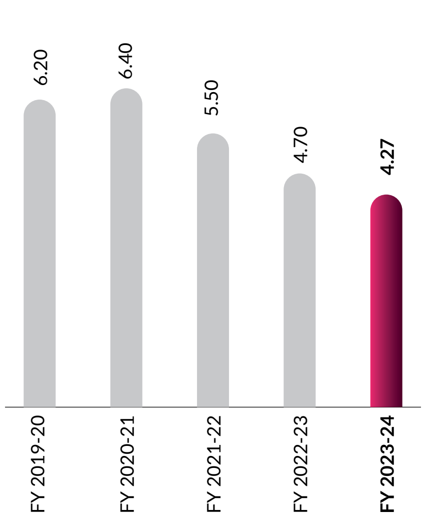
Capital adequacy ratio

99 bps



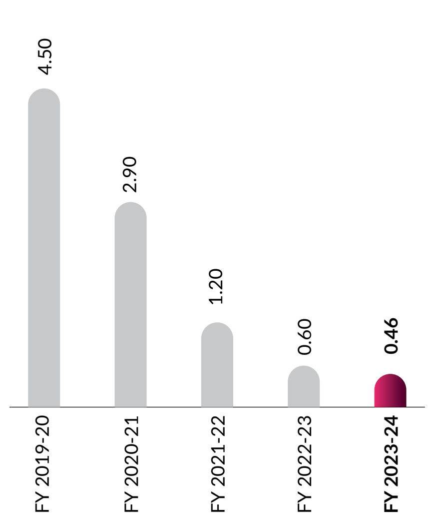
Net Interest Margin

43 bps



NPA

14 bps



Digital developments

Digital is the backbone of our operations across the value chain. We have automated work flows and augmented processes for driving operational excellence. We leverage AI, ML, and other advanced analytics tools to manage portfolio, underwrite risks, facilitate cost savings, and drive collection efficiency while empowering employees. Digitalisation has led to increased customer satisfaction at various stages of their financial journey with us.

Digital collection strategy

We have implemented a robust digital collection strategy that uses analytics to predict customer behaviour and takes right action at the right time for better operational performance.

Analytics and treatment

Analytics is used for facilitating risk-based segmentation of customers and predicting their repayment behaviour. Based on the "persona" of the customer, a more personalised communication strategy is devised to ensure timely repayment. Various modes of communication like WhatsApp messages, text messages, telecalling and field visits are used. The electronic messaging includes nudges like sharing payment links that will be active for 7-8 days.

Operations excellence

We have built a seamless multi-channel customer journey to deliver right message at the right time and through the right channel with robust operating rhythm and cadence.

Collection Agency Performance

87%

Resolution ratio

Major digital projects accomplished

Payment APIs

Instant credit

- All payments modes are now fully API integrated
- Credit in Loan SOA within 3 mins of payment

Partner App

Digital DSA

- Android App for Partner onboarding with AFL
- Code generation within 48 hours of documents submission

PD Upload

Faster processing

- Customised PD template per underwriter choice
- Upload PD in 2 minutes of completion of the interview

Copy App

Faster top-up

- Copy application to create a duplicate app ID for top-up/ re-data entry
- Saves 15 mins of credit to create a new application ID

Dashboard

Collection Service Dashboard

- Collection agency gets service dashboard for performance track
- Industry first initiative to provide unique dashboard

Work in progress

Data analytics

Scorecard for Bureau & Banking for self-employed customers

System enhancements

Pre-approved journey: Self-service customer led journey to provide consent and seek disbursal for pre-approved loans

Credit Underwriting

STP in underwriting and customised PD templates for new segments

Collections Module

Extensive analytically driven collections model through system module for track end to end collections activity and legal status tracking for defaulting customers.

2%
Negligible complaints

~1,000
Man hours saved

TAT reduction
~25%
CERSAI data

Accuracy level
99%
sentiment tool

13 Crore
Total capex spend on technology in FY 2023-24

70%
Fully digital processing of loans

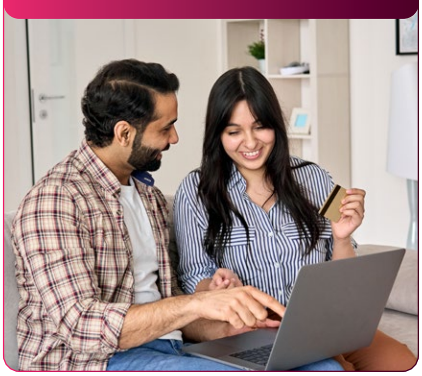
~4 Lakh
Papers saved

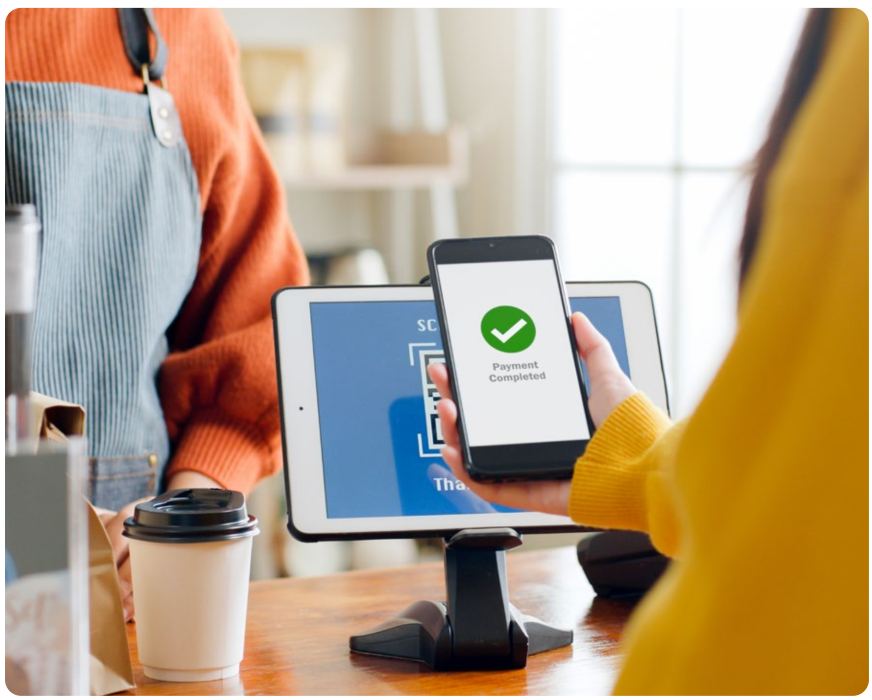
Cultivating a loyal clientele

Customers are central to our businesses. We have implemented various initiatives to make their journeys seamless – utilising digital platforms, developing a robust grievance redressal mechanism and using surveys to get feedback and improve our performance. Our success is evident from the repeat customer business that we have been able to generate.

How we do it

- Pro-active engagement on occasions
- Pre-empting loan needs with customised pre-approved offers
- Self-service online – disbursal fulfilment journey
- Surprise offers on regular EMI and longer stickiness
- Fair practice awareness and assist improving bureau





Digital adoption trend

The new-age customers prefer digital, using self-service channels like WhatsApp and customer portal. We conduct fortnightly awareness campaigns on WhatsApp to drive self-service initiatives. The self-service portal is further enhanced to provide option to download NOC as well as FC letter.

38%
Customer base active on digital platforms

Customer interactions

We are observing a gradual increase in self-service channels or digital options among customers – right from applying for loans to raising grievances. On average, 18-20% of customers need to interact with us. Customer interactions can be qualified into 77% requests, 12% queries and around 3-4% complaints.

We actively work on not only addressing customer complaints but also reducing complaints. Some of the process improvements undertaken with this aim include same-day refund for foreclosures, co-branding for partnership loans and real-time payment confirmation through all sources.

98%

Complaints resolved within regulatory TAT of 30 days

99%

Queries resolved in 7 days

Some other initiatives

NPS initiation for customer feedback

We are obtaining customer feedback at certain stages of the loan lifecycle. Comprehensive list of stages where feedback will be taken is in process.

Data visibility in CRM

Status of property paper handover and customer portal downloaded documents details is made available in CRM. Additional data fields are updated in CRM.

Customer service scorecard

Based on key performance areas, scorecard for customer service is being prepared and implemented

Customer awareness campaigns

We conduct targeted campaigns to educate customers on the possible implications of defaulting payment obligations across delinquency stages and risk categorisation.

- Enable and empower
- Build operational rigour
- Leverage digital
- Call transcript
- Interactive NLP
- Insta message
- LMS data flow
- Resolution quality
- Sentiment enhancer
- NPS scorecard

Building brand

Building brand awareness and visibility is of utmost importance to a financial service organisation. We are collaborating with Axis Bank and developing our branding and communication strategy in synergy with our parent.

A Recap of Marketing Achievements in FY 2023-24

In the dynamic landscape of financial services, effective marketing serves as the cornerstone of success, ensuring visibility, engagement, and growth. As we reflect on FY 2023-24, Marketing Department has been a source of innovation and achievement, introducing new initiatives and strategies that have contributed to the growth and visibility of our financial institution.

Ground visibility enhancement initiatives

Grounded in our belief in making 'Clear Commitments and Transparent Deliveries', our campaigns in FY 2023-24 centered around this ethos. From Out Of Home Advertising including hoardings and transit media branding, to advertisements in vernacular newspapers and ground engagement activities, each initiative aimed to resonate with local communities and foster meaningful engagement.

Interactive QR code activity for engagement & promotion. Digital survey of target markets for marketing efforts. Boost partner recall through branding initiatives.

Mass visibility via print advertising

Our advertisements are placed strategically in high-circulation vernacular newspapers relevant to target demographics. We develop compelling ads that resonate with readers and track success through response rates, product queries and website traffic. Moreover, our advertisements in regional newspapers, across states enabled us to connect with audiences in their preferred language, fostering a deeper sense of resonance and connection. By meticulously selecting media channels and targeting audience locations, we witnessed a surge in inquiries and engagement, underscoring the power of strategic communication.

Online visibility enhancement

In FY 2023-24, we embarked on a journey of enhancing our digital presence. We focused on optimising our website through SEO efforts and implementing a suite of financial calculators to empower our customers in their financial planning endeavours. The results were tangible, with a significant increase in website traffic and keyword rankings, signalling our growing digital footprint.

Expanding our reach across digital platforms became imperative. Building upon our existing presence on LinkedIn, we ventured into new territories, launching handles on Facebook and Instagram. This expansion not only broadened our audience base but also facilitated deeper engagement and interaction with our stakeholders.

Strategic alliances

In FY 2023-24, we embarked on a journey to further strengthen our relationships with channel partners nationwide. Through a comprehensive branding exercise spanning over 300 partner offices, we not only enhanced our visibility but also deepened our bonds with partners, laying the foundation for mutual growth and success.

Looking forward to FY 2024-25, our focus shifts towards a variety of digital initiatives, aiming to leverage diverse marketing channels for business growth. AFL is poised to reinforce its presence in tier II and III cities, with tailored products to cater to these markets. With unwavering determination, we are prepared to explore new frontiers in the ever-evolving landscape of finance.

Responsible growth

"As we continue to grow, we will focus on NIM accretive products, use digitalisation to elevate customer experiences and ensure better collection, and improve governance and compliance further. For us, sustainable growth entails maintaining best-in-class asset quality."

Dear Shareholders,

It is my pleasure to present the Annual Report for FY 2023-24. Axis Finance reported yet another year of exceptional performance with best-in-class asset quality and return parameters, along with one of the best RoEs in the industry.

We remain committed to creating long-term value for our stakeholders by becoming the preferred financier across all the segments we operate in. Axis Finance Limited (AFL) would continue to pursue profitable and sustainable growth with a focus on undiversified and under-penetrated markets. We will operate within our risk framework, enhance digitalisation, capitalise on our people power and leverage the One Axis ecosystem to keep building on the momentum.

The India growth story has continued unabated with the government focus on infrastructure, robust manufacturing and construction, improved public consumption and buoyant business confidence. India's economy grew by 8.2% in FY 2023-24, sharply higher than the 7% expansion recorded the previous year. Inflation has largely remained under control, although the RBI maintains a cautious stand with REPO rates at 6.5% since April 2023. The economy is well supported by Banks, which experienced strong credit growth while maintaining healthy capital adequacy and asset quality. The NBFC sector also continues to put up a strong performance. The sector is expected to register a growth of 14% to 17% in FY 2024-25. There are substantial opportunities to grow in the BFSI sector and AFL is well set to outperform the market.

In FY 2023-24, both the corporate and retail businesses of AFL registered strong performance. Our corporate business book stood at ₹17,271 crores including sell down and joint participation book, with consistent profitability. Our retail vertical contributed 45% to our loan book, registering a growth of 51%.

"Our digital capabilities boost productivity and ensure seamless customer experiences, enhancing digital marketing, onboarding, grievance redressal, fraud detection, and operational efficiency through generative AI."

As we continue to grow, we will focus on NIM accretive products, use digitalisation to elevate customer experiences and ensure better collection, and improve governance and compliance further. For us, sustainable growth entails maintaining best-in-class asset quality.

We also plan to improve our footprint going ahead. Progress and development in India are no longer limited to the Tier I cities. To tap the aspirations of the youth, we will be expanding our footprint to Tier II, III and IV cities, and leverage technology to further our reach.

Digital is the way new India prefers to bank and we will continue to enhance our digital infrastructure while retaining the human touch. Our digital capabilities enhance productivity of our people, while ensuring a seamless customer experience. We are investing in digital marketing, facilitating better digital journeys for customers from onboarding to grievance redressal, employing digital tools to detect frauds and using generative AI for improving operational efficiency.

Of course, human touch is a critical component in banking services and it is our people who have led us to success. We continue to invest in creating an enabling culture for our people. I am proud to say that AFL has consistently secured the highest score on values survey within the Axis Group and was awarded the Most Preferred Workplace in FY 2023-24 by Marksmen Daily.

This year AFL has also started taking more efforts in building our brand through several PR and Marketing initiatives. Going forward, we will continue to delight our customers and offer more products and services in line with the changing needs and requirements of a progressive nation. We are a responsible business and as we continue to grow, we will have an eye on the ESG parameters in our lending decisions.

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

Best regards,

Amitabh Chaudhry
Chairman

Ready to create impact at scale

"After becoming the 5th largest economy in the world last fiscal, it is set to soon become the 3rd largest economy by 2027. The upward economic trajectory and the attendant optimism have made people and businesses confident of a bright and progressive future, thus fuelling strong credit growth."

Dear Shareholders,

We had another spell of superlative performance in FY 2023-24. We continue to march ahead guided by our parent company - Axis Bank's growth, profitability and sustainability strategy.

India continues to take rapid strides towards prosperity. After becoming the fifth-largest economy in the world last fiscal, it is set to soon become the third-largest economy by 2027. The upward economic trajectory and the attendant optimism have made people and businesses confident of a bright and progressive future, thus fuelling strong credit growth.

Axis Finance is at the forefront of growth in the NBFC sector. We crossed 200,000 plus customers through 54 branches and 200+ locations. We have built franchise with steady ROE of more than 15% and RoA of more than 2%. Our GNPA's continue to remain below 1% and we have even demonstrated a track record of full recovery even for the Stage III pool. We continue to derive synergies from the One Axis ecosystem to provide solutions for our customers. Some of the initiatives include partnering with the Burgundy team to bring in new corporate investors, and constant communication with the Bank's economy and research teams to understand market dynamics on a regular basis.

During FY 2023-24, our corporate business AUM grew 31% Y-o-Y to ₹17,271 Crore. Our retail book continued to demonstrate strong growth, growing 51% to ₹14,337 Crore from ₹9,495 Crore in FY 2022-23. Our net profit grew 3% to ₹597.20 Crore.

We continue to take various initiatives to build excellence. In corporate banking, our endeavour is to maintain RoE above 20% and RoA above 3%. We have improved the granularity of our book and reduced average ticket size from ₹40 Crore two years back to ₹35 Crore now. I am proud to state that we have almost nil complaints from our wholesale clients. We aim to expand our footprint in India, automate processes through digitisation and consistently deliver high profitability while maintaining asset quality. For the retail segment, we will deepen our presence in Tier 3 and Tier 4 cities and build on partnerships, co-lending and sell-downs. We will continue to work on enhancing our collection model, using cutting-edge technology. For all verticals, including Treasury, we aim to improve systems to deliver at scale.

"We aim to expand our footprint in India, automate processes through digitisation and consistently deliver high profitability while maintaining asset quality."

We have always been an early adopter of technology and have kept pace with the rapid transformations in the tech space. We are investing in generative AI capabilities and will see a lot of use cases around customer service, employee portal, speech to text, AI powered automated reporting solution, dynamic content automation for marketing over the next year.

Let me make a special mention of our employees here, without whose efforts we would not have been in this position of strength and stability. We aim to deliver best-in-class people experience and create a work culture that helps unlock value for our customers businesses and all stakeholders. Along with competitive compensation and benefits we aim to provide top learning opportunities to our people for career enhancements, which also help to maintain employee productivity. Our voluntary attrition is below 20% and we will relentlessly strive to attract, retain and grow our exceptional talent pool.

Our ESG-led sustainable growth has become a key focus area for us, fuelled by a greater awareness of climate change and social issues.

Our journey would not have been possible without the support of our parent Axis Bank, mentoring by our distinguished Board, and the able guidance of our regulators.

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

Best regards,

Bipin Saraf
Managing Director & CEO

Creating value for our stakeholders

Stakeholder relationships we depend on	Stakeholder relationships we depend on

Financial Capital

Net worth: **₹4,069 Crore**

RoE: **16.50%**

Human Capital

No of employees: **1,370**

Training hours: **50,734**

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Intellectual Capital

(Tech initiatives)

Manufactured Capital

54 branches pan-India

Social and Relationship Capital

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.

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

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

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

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.

Value creation processes	Outcomes
Operating landscape Analysing macroeconomic environment and industry trends	• Growth in Total income: **36%**
Strategic priorities • Scale up Retail/MSME business • Strengthening core books in wholesale business	• **Lowest attrition rate in the industry** • **Certified 'Great Place to Work' voted by**
Generating employment opportunities Empowering employees to delight customers and build a fulfilling career and life, upskilling, career development opportunities	• **99% Digital invoicing with focus on reducing carbon footprint**
Product design • Risk management • Actuarial sciences • Data science	• **98% Customer complaints closed within regulatory TAT**
Product distribution Phygital network of branches, distribution partners and platforms	• **Mutually beneficial, reliable, long-term partnerships**
Investments • Asset Liability Management tool • Customer profiling • IT platform integration	• **Timely compliance to regulations, transparent business practices and payment of taxes on time.**
Operations • Customer service • Disbursals • Collections	• **Lives impacted through various initiatives**
Additional services • Dedicated contact centres • Delivery through digital platforms • Superior services	

Balancing risks and opportunities

India's resilient economy and the optimism surrounding it have led to a strong growth in credit for banks as well as NBFCs. Regulators have ensured that this growth is backed by strong fundamentals like capital adequacy ratios and asset quality.

As per CRISIL Ratings, NBFCs are expected to grow 14%-17% in FY 2024-25.

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 NBFCs are shifting 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.

Government push to MSME sector

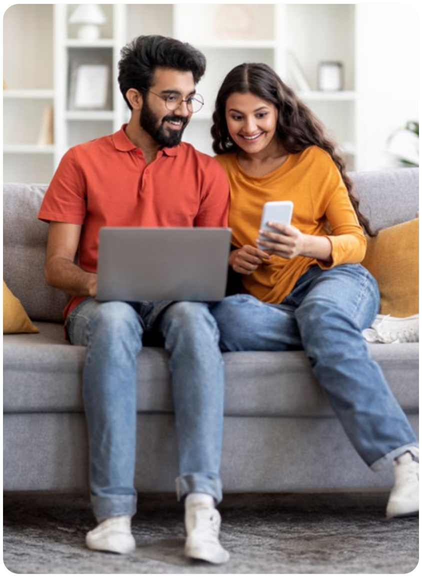
GoI is focused on the MSME segment as they contribute 33% to the country's GDP and generate over 120 million jobs across industries and regions, contributing to equity and financial inclusion. The Finance Minister in her interim Budget speech declared MSME to be an 'important policy priority' for the next 5 years. The MSME credit penetration in India stands at a mere 14% with a credit gap of ₹25 Lakh Crore.

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 sharp 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, have 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.

Regulations

The RBI recently increased the risk weights on unsecured consumer credit exposure for banks and NBFCs by 25 percentage points. This measure aims to address concerns about exuberance and the potential build-up of stress in this segment. Additionally, the RBI also mandated an increase in risk weights for advances to AAA-A-rated NBFCs by 25%, although higher risk weights will not apply to entities rated BBB+ and below. This adjustment excludes the risk weights for bank loans to Housing Finance Companies (HFCs) or bank loans backed by Priority Sector Lending (PSL) loans.



AFL's response

MSMEs

Axis Finance launched the emerging market segment in FY 2021-22 to continually focus on MSMEs for granularity. We launched project Vriddhi for establishing AFL as a lender of choice for MSMEs. We plan to enter more geographies, focus on decentralised and smaller exposures and strengthen our team to grow in this segment.

Digitalisation

For FY 2024-25 generative AI use cases for improving productivity, processes and customer experience are our main focus. We also plan to make greater use of technology for making our retail collection process more robust.

A roadmap to sustainable growth

We aspire to be a financier of choice across all the products and price points we operate in. We are investing in products, processes, and people to achieve that objective.

Strategic Priorities

- **Well diversified and Granular book**
- **Sustainable growth with Pan-India Footprint**
- **Continue 'Best in Industry' position in Asset Quality Metrics**
- **Process Automation through digitisation**
- **Consistently deliver high profitability**

Strategic Priority	Well Diversified & Granular book	Sustainable Growth with Pan India Footprint
Initiative FY 2024	1. Granularise the book further by scaling retail business 2. Reduce concentration risk	1. Increase branch network & location presence 2. Focus on strengthening the hub & spoke model
Achievement FY 2024	1. Retail business constitutes over 45% of the overall book 2. Top 20 borrowers constitute 13.16% of total book compared to 15.59% in FY 23.	1. Number of branches increased by 50+ to 30+ 2. Number of locations strengthened to 400
Aim FY 2025	To be the lender of choice for MSME segment.	1. Deepen the presence in exsisting market with positive bias in Rural & Semi Urban markets. 2. Develop alternate distribution channels in BFSI eco-system

Continue "Best In Industry" position in Asset Quality Metrices	Process automation through digitalisation	Consistently deliver high profitability	One Axis
1. Ensure to maintain the portfolio GNPA to less than 1%	1. Complete digitisation of User experience 2. Softwares enhanced for Treasury, HR & other buisness functions 3. Mobile APPS for sales staff & customers	To be best in class across financial parameters	1. Corporate communication, marketing policy aligned with Axis bank 2. Adherence to Axis brand group guidelines
1. GNPA at 0.46% 2. Strengthen Collections team by setting up a stressed asset management group team	1. One of the lowest complaints count in the industry 2. Enhance user experience & lower TAT time for log in of cases 3. Enhanced compliance	1. ROA > 2.22% 2. ROE > 16.50% 3. CTI <29%	1. Synergies resulting in financial solutions 2. CA/ SA cross sell 3. Synergies from common IT/Infra infosec set up
Continue to maintain pristine potrfolio quality by augmenting remedial management capabilities by leveraging advanced analytics.	1. Automate end-to-end customer journey in corporate lending 2. Participate in GOI-Digital infrastructure eco-system such as ONDC, OCEN	To remain best in class across the above parameters	1. Further integration of all key functions to leverage one Axis strategy for best in class effeciency 2. Levergage Bharat Banking & Burgundy franchise

ESG journey

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 majority of 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

We are also trying to incorporate sustainable lending practices in our business where we give weightage to the ESG practices of our borrowers.

AFL would focus on loans like affordable housing, green loans, loans to women borrowers and sustainable and environmental segments.

Our social initiatives

All organisations depend on their capability to identify and attract the right people with the right experience, skills and cultural fit. For people to grow and unleash their potential to the fullest, it is equally important to provide the right work culture and environment, where all employees are treated with dignity and respect and have equal opportunities irrespective of their race, caste, colour, 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

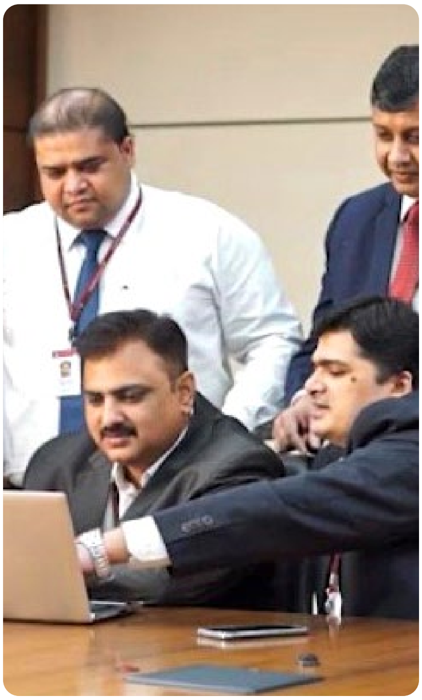
We pay special attention to keeping an ongoing engagement with our customers through multiple channels including our employees, surveys, social media and have dedicated channels for raising queries and grievances. We shall continue to extend the best of services to our customers and work towards reducing 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.

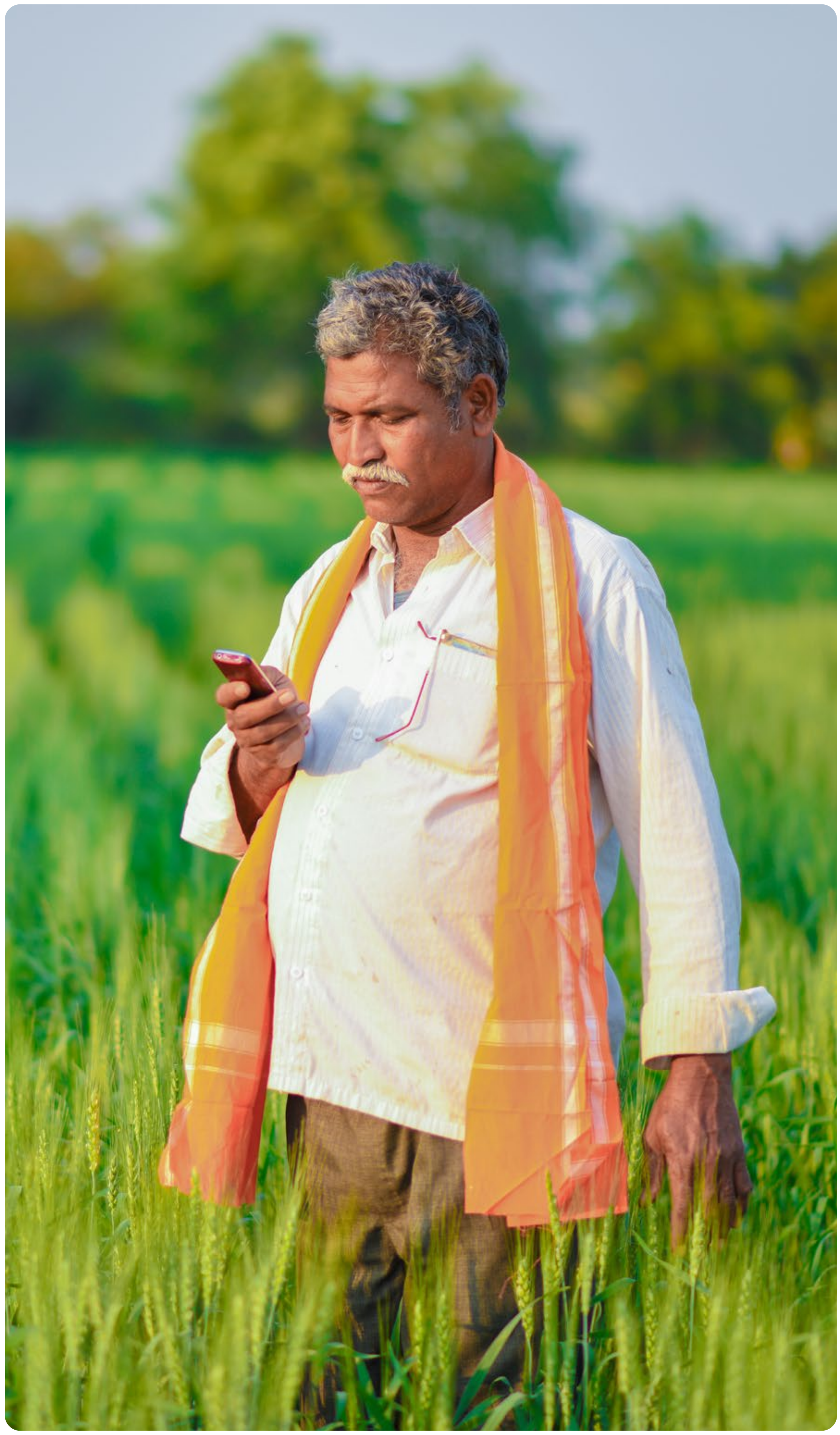
CSR

The CSR activities of AFL encompass providing sustainable livelihoods, education and skill development and e-waste management.

Sustainable Livelihood Program

The Sustainable Livelihoods Program is done through Axis Bank Foundation. The program works with the poorest of poor rural communities and creates multiple sources of livelihoods for the communities. As multiple livelihoods are created it reduces the risk of limited livelihood avenues, which is mostly farming/wage labour. The interventions cover under Sustainable Livelihood Program are Natural Resource Management, Agriculture and allied activities, Livestock management, Skill development, Access to Govt. entitlements and health interventions.

Due to interventions, the income of the household increases, which is used towards increasing savings in Self Help Groups, children's education, family health and starting new livelihoods or scaling up existing livelihoods.



Cerebral Palsy

The Company has partnered with the Cerebral Palsy Association of India (CPAI) for promoting special education, providing therapies to special persons for their development and well-being. Therapies like Physiotherapy, Occupational therapy, Speech therapy, sensory therapy, music and dance therapy, yoga are provided for development of special children. Education trips provide the special persons with opportunities to socialise, understand new concepts and acts as a welcome break which helps them adapt better with their families and society. The project supports in development of life skills.

Mid-day meals are provided at CPAI centers. The special persons help in cleaning, chopping vegetables, making dough for rotis and serving food to fellow special persons. This activity promotes encouraging doing one's own work, working with team and compassion.

The centre also conducts activities like sorting raw materials for preparing decorative items, drawing, craft etc. These activities promote working as part of team, developing fine motor skills, hand-eye coordination etc. This also helps in identifying the interest areas of individuals.

The centre conducts yoga, dance and music sessions. This promotes mental well-being and develops motor skills and improves frame of mind of special persons. It aids in identifying hidden talents of individuals. Musical and dance programmes are conducted during the year to encourage and showcase talent and groom special persons to perform on stage in front of audience.

E-waste management

The Company has partnered with Saahas to work on create awareness on electronic waste management and encouraging the community to dispose e-waste responsibly. The project interventions comprise of awareness creation on e-waste, placing drop boxes for collection of e-waste and conducting collection drives for e-waste which is recycled responsibly.

Board of Directors

Amitabh Chaudhary
Chairman

Bipin Saraf
MD & CEO

Biju Pillai
DMD and Whole-time Director

Pallavi Kanchan
Independent Director

B Babu Rao
Independent Director

U B Pravin Rao
Independent Director

K. Narsimha Murthy
Independent Director

Deepak Maheshwari
Non-executive Director

Board's Report

To,
The Members of
Axis Finance Limited

Your Directors take pleasure in presenting the 29th 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, 2024.

Financial Performance of the Company

The highlights of the Financial Performance of the Company for the Financial Year ('FY') 2024 are as under:

Particulars	FY 2023–24	FY 2022-23
Total Revenue	**3,154.13**	**2,326.58**
Total Expenditure	2,359.58	1,553.16
Profit/(Loss) before Taxation	**794.55**	**773.41**
Tax expenses/(Credit)	197.35	194.32
Profit/(Loss) after Taxation	**597.20**	**579.10**
Other comprehensive income	(0.99)	1.38
Total Comprehensive Income for the year	**596.21**	**580.48**
Balance brought forward from previous year	1,159.20	695.92
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	119.45	115.83
Surplus carried to the Balance Sheet	**1,636.95**	**1,159.20**

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 – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ('RBI Directions') as amended from time to time.

During the financial year under review, your Company continued its focus on its lending activities in the Corporate Banking segment (Wholesale and Emerging corporate) and Retail space and posted total income and net profit of ₹3,154.13 Crore and ₹597.20 Crore as against ₹2,326.58 Crore and ₹579.09 Crore, respectively, in the previous year.

During the period under review, the Company is not required to maintain the cost records as per the provisions of section 148 of the Act.

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, your Company has transferred an amount of ₹119.45 Crore 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 minimum 1.0x is always maintained.

Capital Adequacy Ratio

The Capital to Risk Asset Ratio (CRAR) as on March 31, 2024 stood at 19.11%.

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 FY ended March 31, 2024. The dividend distribution policy, setting 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 approved by the Board of Directors. 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 Amounts

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 Act 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.

Interest/Dividend/Redemption:

Pursuant to Regulation 61A (2) of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 ('Listing Regulations') read with SEBI Circular on Procedural Framework for dealing with unclaimed amounts lying with entities having listed non-convertible securities and manner of claiming such amounts by investors dated November 08, 2023, there was no amount due to be transferred to Escrow Account/to IEPF in respect to Non-Convertible Securities.

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 and information on the affairs of the Company has been given as part of the Management Discussion and Analysis section of this Board's 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. Your Company has obtained a license from Insurance Regulatory and Development Authority ('IRDA') to act as a Corporate Agent.

Capital Structure

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 core only) divided into 100,00,00,000 equity shares of ₹10/- each.

b) Issued and Paid–up Capital

During the financial year under review, the Company had allotted equity shares to Axis Bank Limited (‘Holding Company’) on rights issue basis as follows:

1. 1,81,78,889 equity shares of ₹10/- each (at a premium of ₹73/- per share) aggregating to ₹1,50,88,47,787/- on November 29, 2023;
2. 1,80,71,000 equity shares of ₹10/- each (at a premium of ₹73/- per share) aggregating to ₹1,49,98,93,000/- on December 28, 2023;

Accordingly, as on March 31, 2024, the issued, subscribed and paid-up capital of the Company stood at ₹627,06,37,750/- (Rupees Six Hundred and Twenty-Seven Crore Six Lakh Thirty-Seven Thousand Seven Hundred and Fifty rupees only) divided into 62,70,63,775 (Sixty-two Crore Seventy Lakh Sixty-Three Thousand Seven Hundred and Seventy-Five only) shares of ₹10/- each.

Subsidiaries/Joint Venture/Associate Companies

The Company is a wholly owned subsidiary of 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 under review.

Significant Event during the year ended March 31, 2024

No significant event occurred 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 Systemically Important Company categorised under Middle Layer as per Scale Based Regulation, 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 regard.

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, 2024. The Auditors’ Report “with an unmodified opinion”, given by the Statutory Auditors on the Financial Statements of the Company for FY 2023-24, is disclosed in the Financial Statements forming part of the Annual Report.

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, the Company has a structured Internal Audit Department to carry out the internal audit activities of the Company. Further, the Company has also appointed a Chief Audit Executive who heads the Internal Audit Department.

3. Secretarial Auditors:

Pursuant to the provisions of section 204 of the Act read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and regulation 24A of the Listing regulations, the Company had appointed Virendra Bhatt, Practicing Company Secretary (Membership No. ACS1157 and Certificate of Practice No. 124) to conduct the secretarial audit for the FY ended March 31, 2024.

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

Further, in terms of regulation 24A of Listing Regulations, Virendra Bhatt has issued the Annual Secretarial Compliance Report, confirming compliance by the Company of the Listing Regulations.

Corporate Social Responsibilty

During the period under review, the Company undertook the Corporate Social Responsibility ('CSR') activities through Axis Bank Foundation and through its implementing agencies. 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 Act read with The Companies (Corporate Social Responsibility Policy) Rules, 2014 and the Corporate Social Responsibility Policy, the Company has contributed ₹9,99,76,103/- (Rupees Nine Crore Ninety-Nine Lakh Seventy-Six Thousand One Hundred Three 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 The Companies (Corporate Social Responsibility Policy) Rules, 2014, is annexed as **Annexure 2** which forms part of this Board's 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 Act read with rule 12(1) of The Companies (Management and Administration) Rules, 2014 and regulation 62(1)(k) of the Listing Regulations, the Annual Return of the Company as on March 31, 2024 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 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, 2024, 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.	Babu Rao Busi	00425793	Independent Director
3.	Deepak Maheshwari	08163253	Non – Executive Director
4.	K. Narasimha Murthy	00023046	Independent Director
5.	Pallavi Kanchan	07545615	Independent (Woman) Director
6.	U B Pravin Rao	06782450	Independent Director
7.	Bipin Kumar Saraf	06416744	Managing Director & CEO
8.	Biju Radhakrishnan Pillai	08604963	Whole-Time Director (Deputy Managing Director)

During the year under review, there were no changes in the Board of Directors of the Company.

A. Director(s) Liable to Retire by Rotation

In accordance with Section 152 of the Act read along with the applicable The Companies (Appointment and Qualification of Directors) Rules, 2014, unless the Articles of Association provide for retirement of all directors at every AGM, not less than two-third of the total number of directors of a public company (excluding the Independent Directors) shall be persons whose period of office is liable to determination by retirement of directors by rotation, of which one-third are liable to retire by rotation. Accordingly, Amitabh Chaudhry, Chairman, Non-Executive Director retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

B. Key Managerial Personnel

- In terms of section 203 of the Act and applicable provisions of the Listing Regulations, the Board has appointed:

    a) Bipin Saraf as Managing Director & CEO;

    b) Biju Pillai as Whole–Time Director (designated as Deputy Managing Director);

    c) Rajneesh Kumar as the Company Secretary and Compliance Officer of the Company;

    d) Amith Iyer 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. The terms and conditions of appointment of Independent Directors are available on the website of the Company at www.axisfinance.in/Policies & Standards/Letter of Appointment of Independent Directors.

Based on the declarations and confirmations received in terms of the applicable provisions of the Act, regulations of SEBI, directions issued by Reserve Bank of India read with circulars, notifications, directions issued and other applicable laws (as amended from time to time), none of the Directors of your Company are disqualified from being appointed as Directors of the Company.

Familiarisation Programme

The Company has familiarised the Independent Directors with the Company, their roles, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, etc. The details relating to the familiarisation programme are available on the website of the Company at https://www.axisfinance.in/investors-corner/disclosure-under-regulation-62

Fit and Proper Criteria & Code of Conduct

All the Directors meet the fit and proper criteria stipulated by RBI. All the Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company.

Performance Evaluation of Board, its Committees and Directors

Pursuant to schedule IV, section 178 and other applicable provisions of the Act read with applicable regulations of the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as its Committees. Evaluation of performance of all Directors is undertaken annually.

The Company had appointed an independent external agency to carry out the performance evaluation of the Board, its Committees and Directors for the FY 2024.

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, performance evaluation framework of the Company is carried out as stated below:

a. Chairperson of the Nomination and Remuneration Committee approved the framework of performance evaluation of the Company;

b. The Board evaluated the performance of the Independent Directors, Board as a whole and Committees of the Board excluding the Director being evaluated;

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

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 and the Board meeting for its consideration.

The Directors have expressed their satisfaction with the evaluation process.

Report on Corporate Governance

The Report on Corporate Governance for the year under review, is forming a part of this Report and is appended as **Annexure 3**.

Number of Meetings of the Board of Directors

The details about the Board and its committees including its constitution, number of meetings held, attendance, etc. are given in the Report on Corporate Governance annexed as **Annexure 3** which forms part of this Board's Report.

Whistle Blower/Vigil Mechanism

The Company has a structured Vigil Mechanism Framework ('Whistle Blower Policy') in terms of the provisions of Section 177(9) of the Act and Regulation 22 of the Listing Regulations, that motivates and guides directors and employees of the Company to report any wrongdoing, unethical or improper practice without any fear of retaliation. The objective of the Framework is to establish a redressal forum that addresses all concerns raised about questionable practices and through which stakeholders, Directors, employees, and service providers can raise actual or suspected violations. The Vigil Mechanism Policy empowers all levels of employees, including top management and service providers, to raise their voices against actual/suspected violations.

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 Nil whistle blower complaint(s).

Audit Committee

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

Sr. No.	Name of the Member	Designation
1.	K. Narasimha Murthy	Chairperson, Independent Director
2.	Baburao Busi	Member, Independent Director
3.	U B Pravin Rao	Member, Independent Director
4.	Pallavi Kanchan	Member, Independent (Woman) Director
5.	Deepak Maheshwari	Member, Non-Executive Director

During the FY 2024, there were no changes in the composition of the Audit Committee. Further, during the FY 2024, 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 annexed as **Annexure 3** which forms part of this Board's Report.

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 April 29, 2022 and in terms of section 178 of the Act and Regulation 19 read with Part D of Schedule II of the SEBI Listing Regulations, the Company has in place the Succession Policy and Remuneration Policy.

The salient features of the Remuneration policy are as follows:

The said policy is also placed at the website of the Company at: https://content-eu-4.content-cms.com/735827e6-7346-41e5-bd5a-da4569fbfe75/dxdam/3e/3e296898-6d2d-42ed-99a3-7968b8ec6fdb/Remuneration%20Policy.pdf

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

As regards investments made by the Company, the details of the same are disclosed in note no. 7 to the financial statements of the Company for the year ended March 31, 2024.

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

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 the 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 under review. 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 Act annexed as **Annexure 4** which forms part of this Board's Report.

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.

Management Discussion & Analysis Report

The Management Discussion and Analysis Report as mandated by the RBI Directions and pursuant to the Listing Regulations is part of this Board's Report annexed as **Annexure 5** which forms part of this Board's Report.

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, Kishore Babu Manda is the 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 knowledge and belief and according to the information and explanations obtained, your Directors make the following statements in terms of section 134(3)(c) of the Act:

(a) that in the preparation of the annual financial statements for the year ended March 31, 2024, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(b) the Directors had 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 had 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 had prepared the annual accounts on a going concern basis;

(e) the Directors, had 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 had 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 Act. The financial statements for the year have been prepared in accordance with schedule III to the Act.

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 12 (twelve) trainings out of which 2 (two) was held in person and 10 (ten) 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	January 31, 2024	January 15, 2024

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

During the year under review, CRISIL Ratings Limited ("CRISIL"), CARE Ratings Limited ("CARE"), India Ratings and Research Private Limited ("India Ratings") and Brickwork Ratings India Private Limited ("Brickwork") have reviewed and reaffirmed the ratings for the Company.

Below are the ratings assigned as on March 31, 2024:

Sr. No	Facility/(ies)	CRISIL	CARE Ratings	INDIA RATINGS	Brickwork Ratings	Amount (₹ in Crore)			
						CRISIL	CARE	INDIA Rating	Brickwork
1.	Non–Convertible Debenture	CRISIL AAA/Stable	CARE AAA/ Stable	IND AAA/ Stable	N.A.	18,206	23,000	18,000	-
2.	Principal protected Market linked Debentures	N.A.	CARE AAA/ Stable	IND AAA/ Stable	N.A.	-	1,500	500	-
3.	Subordinated Debt	CRISIL AAA/Stable	CARE AAA/ Stable	IND AAA/ Stable	N.A.	3,500	3,500	1,500	-
4.	Perpetual Debt	CRISIL AAA/Stable	CARE AAA/ Stable	N.A.	BWR AAA/ Stable	1,200	2,000	-	300
5.	Long Term Bank Loan	N.A.	N.A.	IND AAA/ Stable	N.A.	-	-	25,000	-
6.	Short Term Bank Loan	N.A.	N.A.	IND A1+	N.A.	-	-	2,000	-
7.	Bank Lines Long Term/ Short Term	N.A.	CARE AAA/ Stable/ CARE A1+	N.A.	N.A.	-	10,000	-	-
8.	Commercial paper	CRISIL A1+	N.A.	IND A1+	N.A.	6,000	-	6,000	-

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 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 a standard set of processes and structure which ensures that 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 and 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 of the Board, which regularly reviews the status of the Audit plan and performance of the Internal Audit Department and provides 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.

The Compliance department also performs compliance testing of the controls and operating procedures based on an approved Compliance testing plan during the financial year.

During the year under review, such controls were tested by the Compliance and Internal Audit Department of the Company and no material weaknesses were noted, in the design or operations were reported to the Audit Committee of the Board and necessary controls put in place to mitigate the same. 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 1,370 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 Financial Company ('NBFC-ND-SI'). The Company has submitted returns with RBI on timely basis.

Material Changes, if any, post financial year ended March 31, 2024

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

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.

Other Disclosures

During the year under review, the Company has not obtained any registration/license/authorisation, by whatsoever name called from any other regulators except the license to act as Corporate Agent from IRDA as stated above.

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 endeavors.

On behalf of the Board of the Directors

Amitabh Chaudhry
Chairman
DIN: 00531120

Place: Mumbai
Date: April 18, 2024

Annexure 1

Form No.: MR-3

SECRETARIAL AUDIT REPORT

For the year ended March 31, 2024

[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 Board of Directors,
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 year ended March 31, 2024, ('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, 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 year ended March 31, 2024,

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

Based on the information provided by the Company, I am of the opinion that the Company has prima facie proper system to comply with the applicable laws.

I hereby report that in my opinion, during the audit period 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.

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 and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Regulations’):

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

b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act 2013 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 March 31, 2024 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.

(vi) Above to the extent applicable to Board Meetings including its committees held during the audit period, the 28th Annual General Meeting held on June 06, 2023.

1.3. I was informed that, during the audit period, 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 there under 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 Sharesand Takeovers) Regulations, 2011;

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

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

e) 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. Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 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 March 31, 2024 comprised of:

(i) Two Executive Directors,

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

(iii) Four Non-Executive Independent Directors, namely Mr. K. Narasimha Murthy (DIN: 00023046), Mr. Babu Rao Busi (DIN: 00425793), Mr. U. B. Pravin Rao (DIN: 06782450) 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 audit period were carried out in compliance with the provisions of the Act:

(i) Re-appointed Mr. Bipin Saraf (DIN: 06416744), who retired by rotation and being eligible, offered himself for re-appointment at the 28^{th} Annual General Meeting held on June 06, 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. A system exists for directors to seek and obtain further information and clarifications on the agenda items before the Meetings and for their meaningful participation at the Meetings.

2.8. I note from the Minutes verified that, at the Board Meetings held during the audit period:

(i) Majority decisions were carried through; and

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

3. Compliance mechanism

There are reasonably adequate systems and processes in the Company, commensurate with the Company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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. Obtained approval from its Members at the Extra- Ordinary General Meeting of the Company held on April 26, 2023 for Amendment in the Memorandum of Association of the Company and Article of Association of the Company.

2. Obtained approval from its Members at the 28th Annual General Meeting of the Company held on June 06, 2023-

   i. increase in Borrowing Limits upto ₹45,000 Crore 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 ₹45,000 Crore under Section 180(1)(a) of the Act.

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

   iv. Approving the selling, assignment, securitisation under section 180(1)(a) of the Companies Act, 2013 up to ₹7,500 Crore

3. Issued and allotted Secured rated listed non-convertible debentures with a face value of ₹49,14,00,00,000.00 and Unsecured rated non-convertible debentures with a face value ₹8,90,00,00,000.00 by way of private placement in different tranches and Non-convertible debentures having face value of ₹18,55,00,00,000.00 redeemed during the period under review.

4. Issued and allotted Listed Commercial Papers with a face value ₹69,30,00,00,000.00 by way of private placement in different tranches and redeemed Commercial Papers with a face value ₹58,90,00,00,000.00 during the period under review.

5. Issued and allotted 1,81,78,889 Equity Shares on Rights Issue basis to Axis Bank Limited on November 29, 2023 and 1,80,71,000 Equity Shares on Right issue basis to Axis Bank Limited on December 28, 2023.

Virendra G. Bhatt
Practicing Company Secretary
ACS No.: 1157/COP No.: 124
Peer Review Cert. No.: 1439/2021
UDIN: A001157F000096164

Date: April 11, 2024
Place: Mumbai

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

Annexure 1

Annexure to the Secretarial Audit Report

To,
The Board of Directors,
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 March 31, 2024 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: A001157F000096164

Date: April 11, 2024
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 for un-banked sections of the society (financial inclusion), promoting environmental sustainability, and supporting health and sanitation initiatives which may be implemented either directly by the Company or through Axis Bank Foundation (ABF) or other implementation partners, as set out in the Annual Action Plan (AAP).

2. Composition of the CSR Committee:

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

3. Web-link of composition of CSR Committee, CSR Policy and CSR projects approved by the Board:

- Composition of the CSR Committee: https://www.axisfinance.in/investors-corner/corporate-governance
- CSR Policy and Projects: https://www.axisfinance.in/policies-and-standards/policycsr

4. **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:** N.A.

5. (a) **Average net profit of the Company as per section 135(5):** ₹4,998,805,148.33/-

   (b) **Two percent of average net profit of the Company as per section 135(5):** ₹99,976,103/-

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

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

   (d) **Total CSR obligation for the financial year (5b + 5c – 5d):** ₹99,976,103/-

6. (a) **Amount spent on CSR projects (both Ongoing Project and other than Ongoing Project):** ₹99,976,103/-

   (b) **Amount spent in Administrative overheads:** ₹7,33,257/-

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

   (d) **Total amount spent for the FY 2024 (6a + 6b + 6c):** ₹99,976,103/-

(e) Details of amount spent and unspent for CSR activities for the financial year:

Total Amount spent for the FY 2024 (in ₹)	Amount Unspent (in Rs.)			
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under schedule VII as per second proviso to section 135(5)	
	Amount (in Rs.)	Date of Transfer	Amount (in Rs.)	Date of Transfer
99,976,103/-	Nil		Nil	

(f) Details of amount spent for CSR activities against ongoing projects for the FY 2024:

Sr. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (in Rs.)	Amount transferred to Unspent CSR Account for the project as per section 135(6) (in Rs.)	Amount transferred to Unspent CSR Account for the project as per section 135(6) (in Rs.)	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
1.	Sustainable Livelihood	Enhancing vocational skills, livelihood enhancement projects	No	Madhya Pradesh	Dewas	April 2023 – March 2024	57,840,166	Nil	Nil	No	Axis Bank Foundation	CSR00002350
2.				Maharashtra	Amravati	April 2023 – March 2024	25,841,834	Nil	Nil	No	Axis Bank Foundation	CSR00002350
3.	Livelihood enhancement projects	Education & Skill Development	No	Maharashtra	Mumbai	April 2023 – March 2024	8,708,962	Nil	Nil	No	Cerebral Palsy Association of India	CSR00007920
4.				Madhya Pradesh	Bhopal	April 2023 – March 2024	4,310,771	Nil	Nil	No	Cerebral Palsy Association of India	CSR00007920
5.	Environmental sustainability	Recycling of E-waste	No	Hyderabad	Telangana	April 2023 – March 2024	2,541,113	Nil	Nil	No	Saahas	CSR00000097

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

Sr. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Project duration	Amount spent for the project (in Rs.)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District				Name	CSR Registration Number
						Nil				

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

7. (a) Details of unspent amount for CSR activities for the preceding three financial years: Nil

(b) Details of amount spent for CSR activities 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 Rs.)	Amount spent on the project in the reporting Financial Year (in Rs)	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project Completed /Ongoing

8. Creation or acquisition of capital asset: N.A.

9. Reason(s) for the Company has failed to spend two percent of the average net profit as per section 135(5): N.A.

Bipin Saraf
Managing Director & CEO

Pallavi Kanchan
Chairperson of CSR Committee

Annexure 3

Report on Corporate Governance

1. Companies Philosophy on Corporate Governance

Axis Finance Limited's ('the Company') 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 SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 ('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 – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 advised all applicable NBFCs to frame their internal guidelines on corporate governance with the approval of the Board of Directors. In pursuance of the same, the Company has framed the internal Guidelines on Corporate Governance which is placed on the website of the Company at https://www.axisfinance.in/policies-and-standards/corporate-governance

3. Board of Directors

The Board of Directors, along with its Committee's 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 in this report. There are no Nominee Directors representing any institution on the Board of the Company.

i. Composition of the Board of the Company:

Sr. No	Name of the Director(s)	Category
1.	Amitabh Chaudhry	: Chairman, Non-Executive Director
2.	Babu Rao Busi	: Independent Director
3.	Deepak Maheshwari	: Non – Executive Director
4.	K. Narasimha Murthy	: Independent Director
5.	Pallavi Kanchan	: Independent (Woman) Director
6.	U B Pravin Rao	: Independent Director
7.	Bipin Kumar Saraf	: Managing Director & CEO
8.	Biju Radhakrishnan Pillai	: Whole-Time Director (Deputy Managing Director)

- **Meeting of Independent Directors**

The Company's Independent Directors met on March 19, 2024 in absence of Non–Independent Directors and members of the management. At this meeting the Independent Directors reviewed the following:

a) review the performance of non-independent directors and the Board as a whole;

b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;

c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

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

- **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 along with notes to agenda 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 2023–24, where the Board of Directors had not accepted the recommendation of any Committee of the Board which was mandatorily required.

ii. Attendance of each director at the meeting of the Board/Committees and the last annual general meeting

Six (6) meetings of the Board of Directors were held during the FY 2023–24. Necessary quorum was present at all the meetings and the gap between two board meetings did not exceed one hundred and twenty days (120) 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 13, 2023	8
July 18, 2023	8
August 31, 2023	8
October 20, 2023	7*
January 13, 2024	8
March 09 and 10, 2024	8

*-Leave of absence was granted to the concerned director who had expressed his inability to attend the respective meeting.

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	Customer Grievance Redressal Committee (erstwhile Stakeholders Relationship Committee)	Stakeholders Relationship Committee	Corporate Social Responsibility Committee	IT Strategy Committee	Committee of Directors	Annual General Meeting	Extra Ordinary General Meeting
Number of meetings held	10	8	6	5	-	3	4	19	1	1
Amitabh Chaudhry	-	-	-	-	-	-	-	-	1	1
Bipin Saraf	-	8	-	-	-	-	-	19	1	1
Biju Pillai	-	-	-	5	-	3	4	-	1	1
Deepak Maheshwari	10	8	6	-	-	3	-	19	1	-
Baburao Busi	10	8	6	5	-	-	-	19	-	-
U B Pravin Rao	9*	-	6	5	-	-	4	-	-	1
Pallavi Kanchan	10	8	6	-	-	3	-	-	1	1
K. Narasimha Murthy	10	-	5	1	-	3	4	-	-	-

*-Leave of absence was granted to the concerned director who had expressed his inability to attend the respective meeting.

iii. Number of other board of directors or committees in which a director is a member or chairperson, along with the names of the listed entities disclosing the details of Director and the category of Directorship

Name of the Director (DIN)	Category	Core skills/expertise/ competencies	Number of Directorships in other Companies		Number of Committee positions held in other Public Companies*		Directorship in other listed entity (Category of Directorship)
			Chairperson	Member	Chairperson	Member	
Amitabh Chaudhry DIN: 00531120	Non-Independent, Non-Executive	Business Management and Strategy, Banking, Financial Services, Financial Accountancy, Treasury, Information Technology, Cyber Security, Risk Management	1 (Public)	3 (Other)	-	-	Axis Bank Limited (Executive Director)
Deepak Maheshwari DIN: 08163253	Non-Independent, Non-Executive	Business Management and Strategy, Banking, Financial Services, Capital Market, Financial Accountancy, Treasury, Audit, Assurance and Controls, Risk Management, Sustainability and ESG	-	2 (Other)	1	2	-
K. Narasimha Murthy DIN: 00023046	Independent, Non-Executive	Business Management and Strategy, Banking, Financial Services, Financial Accountancy, Treasury, Governance and Compliance, Audit, Assurance and Controls, Information Technology, Cyber Security, Risk Management, Sustainability and ESG Customer Service and Investor Relations	-	9 (Other)	1		i. Raymond Limited^ ii. Max Healthcare Institute Limited^ ii. Nelco Limited^ iv. Max Financial Services Limited^
Pallavi Kanchan DIN: 07545615	Independent (Woman), Non-Executive	Business Management and Strategy, Banking, Financial Services, Capital Market, Financial Accountancy, Governance and Compliance, Audit, Assurance and Controls, Risk Management, Customer Service and Customer Relations, Sustainability and ESG	-	2 (Other)	-	3	-
U B Pravin Rao DIN: 06782450	Independent, Non-Executive	Business Management and Strategy, Financial Accountancy, Information Technology, Cyber Security, Risk Management	-	3 (Other)	1	2	i. Suven Pharmaceuticals Limited^ ii. Zensar Technologies Limited^
Baburao Busi DIN: 00425793	Independent, Non-Executive	Business Management and Strategy, Banking, Financial Services, Capital Market, Financial Accountancy, Treasury, Audit, Assurance and Controls, Information Technology, Cyber Security, Risk Management	-	3 (Other)	-	3	-

Name of the Director (DIN)	Category	Core skills/expertise/ competencies	Number of Directorships in other Companies		Number of Committee positions held in other Public Companies*		Directorship in other listed entity (Category of Directorship)
			Chairperson	Member	Chairperson	Member	
Bipin Saraf (Managing Director & CEO) DIN: 06416744	Non-Independent, Executive	Business Management and Strategy, Banking, Financial Services, Capital Market, Financial Accountancy, Treasury, Governance and Compliance, Audit, Assurance and Controls, Information Technology, Cyber Security, Risk Management, Customer Service and Customer Relations	-	-	-	1	-
Biju Pillai (Whole-Time Director) (Deputy Managing Director) DIN: 08604963	Non-Independent, Executive	Business Management and Strategy, Banking, Financial Services, Financial Accountancy, Information Technology, Cyber Security, Risk Management, Customer Service and Customer Relations, Sustainability and ESG	-	-	-	-	-

*- Pertains to memberships/chairpersonships of the Audit Committee and Stakeholders' Relationship Committee of Indian public companies (excluding the Company) as per Regulation 26(1)(b) of the Listing Regulations.

^-Independent, Non-Executive

iv. Inter-se relationships among Directors

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

v. Shareholding of Non-Executive Directors

The Non–Executive Director of the Company do not hold any shares or any convertible instrument of the Company.

vi. 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/85/85eebe78-dad8-47fd 919302fc504b2479/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.

Periodic presentations were made at the Board meetings apprising the Board members about the finer aspects of the Company's businesses, the challenges posed and an overview of future business plans.

vii. 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 Companies Act, 2013 ('the Act') and the Listing Regulations and are independent of the management.

COMMITTEES OF THE BOARD

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.

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 Act, 2013 and regulation 18 of SEBI Listing Regulations.

The composition of the Audit Committee as on March 31, 2024 is as under:

Sr. No	Name of the Members	Designation
1.	K. Narasimha Murthy	: Chairperson, Independent Director
2.	Babu Rao Busi	: Member, Independent Director
3.	Deepak Maheshwari	: Member, Non-Executive Director
4.	U.B. Pravin Rao	: Member, Independent Director
5.	Pallavi Kanchan	: Member, Independent (Woman) Director

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. The main terms of reference include:

i. To provide direction and to oversee the operation of the audit function.

ii. To review the internal audit system with special emphasis on its quality and effectiveness.

iii. To review the RBI inspection reports and other audit reports and the status of compliance with the same.

iv. To review all matters as specified by RBI in the Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021

v. To review findings of internal, concurrent and information system audit reports

vi. To review the concurrent audit system of the Company (including the appointment of concurrent auditors) and appointment of statutory auditors.

vii. To approve payments to statutory auditors for any other services rendered by them.

viii. To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

ix. To recommend to the Board, the appointment, re-appointment, remuneration and terms of appointment of the statutory auditors of the Company.

x. To review with the management, the quarterly, half yearly and yearly financial statements before submission to the Board for approval.

xi. To review with the management, performance and independence of statutory and internal auditors, adequacy of the internal control systems and effectiveness of audit process.

xii. To review the performance of statutory auditors on an annual basis.

xiii. To review the performance of Information Systems Audit and the critical issues highlighted during the Information Systems Audit and provide appropriate guidance to the Company's Management.

xiv. Meeting of the Audit Committee on one-to-one basis with Chief Compliance Officer and Chief Audit Executive, without the presence of the senior management, on a quarterly basis.

iii. Meetings Held

The Audit Committee met 10 (ten) times during the FY 2023–24 on April 11, 2023, April 13, 2023, May 05, 2023, June 27, 2023, July 18, 2023, August 22, 2023, October 20, 2023, November 21, 2023, January 12, 2024 and February 20, 2024.

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 (120) 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.

The Chief Audit Executive of the Company also meets the Audit Committee on one-on-one basis without the presence of senior management and Managing Director & CEO.

b. Nomination & Remuneration Committee

i. Constitution of the Committee

The Nomination and Remuneration Committee is formed in compliance with the provisions of section 178 of the Act, 2013 and regulation 19 of the Listing Regulations.

The composition of Nomination and Remuneration Committee as on March 31, 2024 is as under:

Sr. No	Name of the Members		Designation
1.	U.B. Pravin Rao	:	Chairperson, Independent Director
2.	Babu Rao Busi	:	Member, Independent Director
3.	Deepak Maheshwari	:	Member, Non-Executive Director
4.	K. Narasimha Murthy	:	Member, Independent Director
5.	Pallavi Kanchan	:	Member, Independent (Woman) Director

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. The main terms of reference include:

i. To formulate criteria for determining qualifications, positive attributes and independence of a Director in line with the prescribed guidelines of the Reserve Bank of India or other regulatory bodies.

ii. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.

iii. Formulation of criteria for evaluation of performance of independent directors, the Board, its Committees and all the individual Directors of the Company will be evaluated annually. The process will be as according to the Companies Act, 2013 and with the SEBI (Listing and Obligations Disclosure Requirements) Regulations, 2015.

iv. Devising a policy on the diversity of the Board of the Company.

v. To formulate the criteria for determining qualifications, positive attributes and independence of a director.

vi. To recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

vii. To recommend perquisites, commission and retirement benefits to be paid to the Company's Managing Director & CEO and Whole-Time Directors.

iii. Meetings Held

NRC met Six (6) times during the FY 2023-24 on April 12, 2023, June 26, 2023, July 17, 2023, August 22, 2023, October 18, 2023 and January 13, 2024.

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. Customer Grievance Redressal Committee (erstwhile Stakeholders Relationship Committee)

i. Constitution of the Committee

The Customer Grievance Redressal Committee is formed in compliance with the Master Direction on Internal Ombudsman 2023 mandates that Customer Service Committee/Consumer Protection Committee should be Board level Committee.

The composition of the Customer Grievance Redressal Committee ('CGRC') as on March 31, 2024 is as under:

Sr. No	Name of the Members	Designation
1.	Baburao Busi	: Chairperson, Independent Director
2.	U B Pravin Rao	: Member, Independent Director
3.	Biju Pillai	: Member, Deputy Managing Director

*Stakeholders Relationship Committee was re-named to Customer Grievance Redressal Committee, keeping the constitution same and a new Stakeholders Relationship Committee was constituted w.e.f. October 20, 2023.

ii. Terms of Reference

The terms of reference of the Committee has been aligned as per the charter approved by the Board of the Company and to consider and resolve the grievances/complaints of the customers received by the Company or through Ombudsman or RBI and ensure their timely and speedy resolutions including to review the initiatives taken by the Company to enhance customer experience.

iii. Meetings Held

CGRC met five (5) times during the FY 2023-24 on April 12, 2023, June 26, 2023, July 17, 2023 October 18, 2023 and January 10, 2024.

iv. Details of Compliance Officer of the Company

Rajneesh Kumar, Company Secretary of the Company is the Compliance officer under the Listing Regulations.

v. Details of Complaints received from the Debenture holders (only Non-Convertible Debentures issued on Private Placement basis are listed on BSE) and redressed during the FY 2023-24 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	Nil	Nil	Nil

vi. During FY 2023-24, no complaints were received from the Equity Shareholders of the Company.

d. Stakeholders Relationship Committee

i. Constitution of the Committee

The Stakeholders Relationship Committee is formed in terms of regulation 20 of the Listing Regulations.

The composition of the Stakeholders Relationship Committee as on March 31, 2024 is as under:

Sr. No	Name of the Members		Designation
1.	U B Pravin Rao	:	Chairperson, Independent Director
2.	Pallavi Kanchan	:	Member, Independent (Woman) Director
3.	Bipin Saraf	:	Member, Managing Director & CEO

*Stakeholders Relationship Committee was re–named to Customer Grievance Redressal Committee, keeping the constitution same and a new Stakeholders Relationship Committee was constituted w.e.f. October 20, 2023.

ii. Terms of Reference

The terms of reference of Stakeholders Relationship Committee 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 Listing Regulations and as per the charter approved by the Board of the Company. The main terms of reference include:

i. Consider and resolve the grievances of the security holders of the Company.

ii. Consider and review various aspects of interest of the security holders of the Company.

iii. Review of complaints received from the investors and the status of its redressal.

iv. Review the measures taken for effective exercise of voting rights by shareholders.

v. Review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

vi. Formulation of policies and procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from stakeholders and security holders from time to time;

vii. Monitor and review any investor complaints received by the Company or through SEBI, SCORES and ensure their timely and speedy resolution, in consultation with the Company Secretary and Compliance officer and RTA of the Company.

iii. Meetings Held

Stakeholders Relationship Committee met four (4) times during the FY 2023–24 on April 12, 2023, June 26, 2023, July 17, 2023 and October 18, 2023.

e. Risk Management Committee

i. Constitution of the Committee

The Risk Management Committee is formed in compliance with the regulation 21 of the Listing Regulations and as per Chapter VI – Governance Guidelines of Master Direction – Reserve Bank of India (Non-Banking Financial Company–Scale Based Regulation) Directions, 2023

The composition of the Risk Management Committee as on March 31, 2024 is as under:

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

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 Listing Regulations, Para C of Part D of Schedule II of the Listing Regulations and as per the Master Direction – Reserve Bank of India (Non-Banking Financial Company–Scale Based Regulation) Directions, 2023. The main terms and conditions include:

a) Reviewing the risk management framework formulated and adopted by the Company taking into account the nature, size and complexity of the businesses undertaken by the Company and recommending the same for the approval of the Company;

b) Periodically reviewing and ensuring that appropriate systems of controls with regard to risk management systems are in place and affirm the same to the Board;

c) Whilst encouraging positive thinking, ensure that it does not result in over-optimism which could either lead non-recognition of significant risks or expose the Company to excessive risk.

d) Assist the management of the Company by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and key areas of the Company's focus.

e) Formulate a detailed risk management policy

f) To periodically review the risk management policy, at least once in 2 (two) years, including by considering the changing industry dynamics and evolving complexity

g) Review the appointment, removal and terms of appointment of the Chief Risk Officer of the Company.

h) To review the Asset Liability Management (ALM) of the Company on a regular basis.

i) To advise the Board on all risk matters

j) To review Stress Testing Results

iii. Meetings Held

Risk Management Committee met eight (8) times during the FY 2023-24 on April 12, 2023, June 26, 2023, July 17, 2023, August 31, 2023, October 18, 2023, December 22, 2023, January 11, 2024 and March 07, 2024.

f. Committee of Directors

i. Constitution of the Committee

The composition of the Committee of Directors ('COD') as on March 31, 2024 is as under:

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

ii. Terms of Reference

i. To consider, discuss, deliberate and approve the loan proposals above certain specified limits and to discuss strategic issues in relation to credit policy and deliberate on the quality of the credit portfolio of the Company.

ii. To consider and modify the terms of sanctions already granted by the Committee.

iii. To review, consider, ratify or approve the loans sanctioned by the Committee of Executives.

iv. To consider and approve the allotment of Debentures.

v. To consider, approve and adopt various policies of the Company unless the same is to be approved by the other authorities as may be stipulated in the applicable laws and to review the adequacy of those policies on the ongoing basis.

vi. To consider and review the connected lending sanctioned by the Company.

vii. To review investment strategy, periodically review investments made and approve investment related proposals.

viii. To monitor the exposures (both credit and investments) of the Company and to consider and approve one time compromise settlement proposals, in respect of loan accounts which have been written off.

ix. To review and approve proposals relating to the Company's business/operations covering all its departments and business segments.

x. To ensure compliance with the statutory/regulatory framework, etc.

xi. To authorise the employees of the Company for any transactions to be done on behalf of the Company including the statutory transactions w.r.t. Company Law matters, RBI, NCLT, Courts, etc.

xii. Issuance of Authority to various employees of the Company under the Insolvency and Bankruptcy Code 2016 and amendments thereto and to appoint Authorised officer under provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and amendments thereto.

iii. Meetings Held

COD met Nineteen (19) times during the FY 2023–24 on April 11, 2023, June 26, 2023 and June 27, 2023, July 17, 2023, July 28, 2023, August 10, 2023, August 22, 2023, August 31, 2023, September 14, 2023, September 20, 2023, September 26, 2023, October 27, 2023, November 08, 2023, November 29, 2023, December 21, 2023, January 11, 2024, January 23, 2024, February 12, 2024 and March 06, 2024 and March 28, 2024.

g. 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 Act.

The composition of the Corporate Social Responsibility Committee as on March 31, 2024 is as under:

Sr. No	Name of the Members		Designation
1.	Pallavi Kanchan	:	Chairperson, Independent (Woman) Director
2.	Deepak Maheshwari	:	Member, Non-Executive Director
3.	K. Narasimha Murthy	:	Member, Independent Director
4.	Biju Pillai	:	Member, Whole–Time Director (Deputy Managing Director)

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. The main terms of reference include:

i. Formulate and recommend to the Board, the CSR Policy of the Company, in terms of the relevant provisions of the Companies Act, 2013 and the Companies (CSR Policy) Rules, 2014, as amended, from time to time.

ii. Formulate and recommend to the Board, the overall CSR strategy, key themes, and focus areas, which would form part of the Annual Action Plan for the CSR project(s)/program(s) that are proposed to be undertaken by the Company, in pursuance of its CSR Policy, during the financial year, individual implementation plans for such CSR project(s)/program(s) and review mechanism thereof.

iii. Review implementation of the CSR policy, such that the CSR project(s)/ program(s) that are being proposed to be undertaken are aligned to the Company's social, environmental and economic activities to the extent possible.

iv. Recommending the amount of expenditure to be incurred on the CSR activities

v. Review and monitor the compliance of initiatives undertaken and evaluate performance of the activities against the agreed targets

vi. Reviewing and recommending the annual CSR report for the Board's approval and for public disclosure.

iii. Meetings Held

CSR Committee met three (3) times during the FY 2023–24 on April 12, 2023, June 26, 2023 and October 10, 2023.

h. 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, 2024 is as under:

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

*Ceased to be a member w.e.f. January 31, 2024

Appointed as member w.e.f. February 01, 2024

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. The main terms of reference includes:

i. Annually review and approve IT strategy, policy documents/agreements of the Company, taking into account the changes to the Company's business plans and IT environment and recommend the same for the approval of the Board;

ii. Ensuring that management has an effective IT strategic planning process in place;

iii. Reviewing and ratifying that the business strategy is aligned with the IT strategy of the Company;

iv. Ensuring that the IT organisational structure serves the business requirements of the Company and its direction;

v. Exercise oversight over implementation of processes and practices so as to ensure that IT delivers value to the businesses of the Company;

vi. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;

vii. Ensuring proper balance of IT investments for sustaining Company's growth;

viii. Assess exposure to IT risks and its controls and evaluating effectiveness of management in monitoring of such IT risks;

ix. Reviewing high level guidance of policy matters relating to IT viz. related to risk, funding or sourcing of tasks;

x. Assessing if IT architecture has been designed to derive maximum business value from IT;

xi. Reviewing strategy for addressing cyber security risks and review of related issues;

xii. Reporting of IT and Cyber Security incidents

iii. Meetings Held

IT Strategy Committee met four (4) times during the FY 2023-24 on April 12, 2023, June 26, 2023, October 18, 2023 and January 10, 2024.

i. Asset Liability Management Committee

i. Constitution of the Committee

The Asset Liability Management Committee has been constituted in terms of Guidelines on Liquidity Risk Management Framework of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023

The composition of the Asset Liability Management Committee as on March 31, 2024 is as under:

Sr. No	Name of the Members		Designation
1.	Bipin Kumar Saraf	:	Chairperson, Managing Director & CEO
2.	Biju Pillai	:	Member, Deputy Managing Director
3.	Kishore Babu Manda	:	Member, Chief Risk Officer
4.	Amith Iyer	:	Member, Chief Financial Officer

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 2023-24 on April 20, 2023, May 17, 2023, June 16, 2023, July 21, 2023, August 16, 2023, September 12, 2023, October 10, 2023, November 08, 2023, and December 11, 2023, January 16, 2024, February 12, 2024 and March 18, 2024.

SENIOR MANAGEMENT AND CHANGES THEREIN

As on March 31, 2024, the details of Senior Management are as below:

Employee Name	Position Name
Bipin Saraf	Managing Director & CEO
Biju Pillai	Deputy Managing Director
Vishal Sharan	President, Corporate Business Head
Amith Iyer	Chief Financial Officer
Deepti Dayal	Executive Vice President, Head-Corporate Credit
Balaji Natarajan	Executive Vice President, Head-Alliances
Dhairya Shah	Chief Operating Officer
Dominic Oliveira	Chief Audit Executive
Pradeep Kumar	National Credit Manager – Secured

Employee Name	Position Name
Janakiraman E	Head-Collections
Sabarinath SN	Head-Marketing
Navalkumar Lad	Chief Technology Officer
Kishore Babu	Chief Risk Officer
Prerna Tiwari	National Credit Manager – Unsecured
Rajneesh Kumar	Company Secretary
Radhika Gordhandas	Head -Human Resources
Mukesh Jhunjhunwala	Head-Commercial & Administration
Bal Krishna Thakur	Chief Compliance Officer

REMUNERATION OF DIRECTORS

a. Remuneration to Executive Directors:

Remuneration payable to the Executive Directors is recommended by the Nomination and Remuneration Committee and approved by the Board which is subject to the overall limits approved by the shareholders.

During FY 2024, the Company paid remuneration to Bipin Saraf, Managing Director & CEO and Biju Pillai, Whole-Time Director (Deputy Managing Director) of the Company as provided in Annual Return for FY 2023-24, which is available on the website of the Company.

The current term of Bipin Saraf is of three (3) years from April 01, 2022 to March 31, 2025 and Biju Pillai is of three (3) years from November 07, 2022 to November 06, 2025.

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 Remuneration Policy of the Company. There is no separate provision for payment of Severance fees.

b. Remuneration to Non–Executive, Independent Directors of the Company

No remuneration is paid to Non–Executive Directors of the Company during the FY 2023–24, apart from the sitting fees within the limits as prescribed under the provisions of the Act and terms approved by the Board of the Company.

None of the Non-Executive Directors and Independent Directors had any pecuniary relationships or transactions with the Company during the year under review.

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

GENERAL BODY MEETINGS

i. Annual General Meetings

Financial Year	Date	Time and Venue	Special Resolutions passed
2020-21	July 20, 2021	09:30 a.m.; Axis House, Ground Floor, Wadia International Centre, P.B. Marg, Worli, Mumbai – 400 025	a. Appointment of Mr. B. Babu Rao as an Independent Director b. Revision in Borrowing Powers under section 180(1)(c) c. Creation of charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings availed by the Company d. Issue of debentures/bonds on a private placement basis upto Rs. 12,000 Crore
2021-22	June 06, 2022	10:00 a.m.; Axis House, Ground Floor, Wadia International Centre, P.B. Marg, Worli, Mumbai – 400 025	a. Appointment of U B Pravin Rao as an Independent Director b. Revision in Borrowing Powers under section 180(1)(c) c. Creation of charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings availed by the Company d. Issue of debentures/bonds on a private placement basis upto Rs. 24,000 Crore
2022-23	June 06, 2023	09:00 a.m.; Axis House, Ground Floor, Wadia International Centre, P.B. Marg, Worli, Mumbai – 400 025	a. Increase in borrowing limits of the Company up to ₹45,000 Crore b. Creation of charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings availed by the Company up to ₹45,000 Crore c. Issue of debentures/bonds on a private placement basis up to ₹24,000 Crore d. Sell, assignment, securitisation under section 180(1)(a) of the Companies Act, 2013 up to ₹7,500 Crore

No resolution was passed under postal ballot during the period under review.

The Extra Ordinary General Meeting of the Company was held on April 26, 2023 in FY 2023-24

Means of Communication

The 'Investors Section' on the Company's website (https://www.axisfinance.in/investors-corner) keeps the investors updated on the latest key developments of the Company such as Financial Results, Annual Reports, etc.

Financial Results are normally published in Financial Express (all editions) (English).

General Information for Members and Debenture holders

The Company is registered with the Registrar of Companies, Maharashtra, Mumbai. The Corporate Identity Number allotted to the Company by the Ministry of Corporate Affairs is U65921MH1995PLC212675.

a. Annual General Meeting:

Date: Wednesday, June 19, 2024
Time: 09:00 a.m.
Venue: Axis House, Ground Floor, P.B. Marg, Worli, Mumbai – 400 025

b. Financial year: April 01, 2023 – March 31, 2024

c. Dividend payment date: Not Applicable

d. Listing on Stock Exchange:

Unsecured, Secured, Tier-I, Perpetual, Redeemable, Non-Convertible Debentures are issued by the Company on a private placement basis which listed on the Bombay Stock Exchange.

Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001

Listing Fees as applicable have been paid for FY 2023-24 and the Company shall pay the listing fees for FY 2024-25 within the prescribed timelines.

e. Stock Code: Not Applicable

f. Market price data-high, low during each month in FY 2023–24: Not Applicable

g. Performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc.: Not Applicable

h. In-case the securities are suspended from trading, the directors report shall explain the reason thereof: Not Applicable

i. Registrar to an issue and share transfer agents:

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
Email: mumbai@linkintime.co.in

j. 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).

k. Distribution of shareholding as on March 31, 2024:

Sr. No	Number of Shares held	% of holding	Face value of Shares	Total value of shares
1.	62,70,63,710	99.999989	10	6,27,06,37,100
2.	11	0.000002	10	110
3.	11	0.000002	10	110
4.	11	0.000002	10	110
5.	11	0.000002	10	110
6.	10	0.000002	10	100
7.	10	0.000002	10	100
8.	1	0.000000	10	10
Total	**62,70,63,775**	**100%**	**10**	**627,06,37,750**

The Company does not have any preference shareholding during the period under review.

l. Dematerialisation of shares and liquidity

All the Equity shares of the Company are in dematerialised form as on March 31, 2024. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's equity shares is INE891K01013.

m. Outstanding Global Depository Receipts ('GDR') or American Depository Receipts ('ADR') or 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.

n. Commodity price risk or foreign exchange risk and hedging activities: Not Applicable

o. Plant locations:

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

p. Address for correspondence:

Axis House, Ground Floor, Wadia International Centre, Worli, Mumbai, Maharashtra, India, 400025

q. List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilisation of funds, whether in India or abroad:

Details pertaining to Credit Ratings obtained by the Company are included in the Directors' Report.

r. Transfer of Unclaimed/Unpaid Amounts to the Investor Education and Protection Fund:

During the year under review, no amount was due for transfer to Investor Education and Protection Fund.

OTHER DISCLOSURES

a. **Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large –** None

b. **Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years –** None

c. **Details of establishment of vigil mechanism/whistle blower policy, and affirmation that no personnel has been denied access to the audit committee –**

   The Company has a Whistle Blower Policy and has established necessary Vigil Mechanism for Directors and employees to report concerns about unethical behaviour. No person has been denied access to the Audit Committee.

d. **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements -**

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

e. **Web link where policy for determining 'material' subsidiaries is disclosed –** Not Applicable

f. **Web link where policy on dealing with related party transactions –** 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

g. **Disclosure of commodity price risks and commodity hedging activities –** Not Applicable

h. **Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) –** Not Applicable

i. **A certificate from a company secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority –**

The Company has obtained certificate from KTS & Associates, Practicing Company Secretaries that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The same is reproduced at the end of this report and enclosed as **Annexure I**

j. **The board had not accepted any recommendation of any Committee of the Board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof –**

During FY 2023–24, all the recommendations of the various Committees of the Board were accepted by the Board.

k. **Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part –**

The particulars of payment of fees to Statutory Auditors is provided in notes forming part of financial statement for the year ended March 31, 2024.

l. **Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

a. **number of complaints filed during the financial year –** Nil

b. **number of complaints disposed of during the financial year –** Nil

c. **number of complaints pending as on end of the financial year –** Nil

m. **Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount'-** Nil

n. **Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries –** Not Applicable

Non-compliance of any requirement of corporate governance report of above, with reasons thereof shall be disclosed – Nil

The corporate governance report shall also disclose the extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted –

The Company has adopted the following discretionary requirements as specified in Part E of Schedule II:

i. The Company has adopted regime of financial statement with unmodified audit opinion.

ii. The Company has appointed separate posts of Chairman and the Managing Director & CEO such that Chairman is a Non-Executive Director and not related to Managing Director & CEO.

The disclosures of the compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 shall be made in the section on corporate governance of the annual report –

The Company being a High Value Debt Listed Entity, the Company is in compliance with corporate governance requirements specified in regulation 17 to 27 of the Listing Regulations. Further, the clauses (b) to (i) of sub-regulation (2) of regulation 46 are not applicable to the Company.

Declaration signed by the chief executive officer stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management

The Company has adopted a Code of Conduct for its Directors and Senior Management which is available on the Company's website – https://content-eu-4.content-cms.com/735827e6-7346-41e5-bd5a-da4569fbfe75/dxdam/2c/2c664277-0959-4f0f-a9b4-d4c3b0b85bc0/Code%20of%20Conduct%20for%20Directors%20and%20Senior%20Management.pdf

All the Directors of the Board and Senior Management Personnel of the Company have affirmed compliance with the aforementioned Code. A declaration signed by the Managing Director & CEO to this effect is reproduced at the end of this report and marked as **Annexure II.**

Compliance certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance shall be annexed with the directors' report –

The Company has obtained a compliance certificate from KTS & Associates, Practicing Company Secretaries on corporate governance. The same is reproduced at the end of this report and enclosed as **Annexure III.**

Disclosures with respect to demat suspense account/ unclaimed suspense account – Not Applicable

Annexure I

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Schedule V Para C clause (10)(i) of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
Axis Finance Limited
Axis House, Ground Floor,
Wadia International Centre,
Worli, Mumbai - 400025

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Axis Finance Limited having CIN U65921MH1995PLC212675 and having registered office at Axis House, Ground Floor, Wadia International Centre, Worli, Mumbai, Maharashtra, India, 400025 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me/us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr No	Name of Director	DIN	Date of Appointment in the Company
1	Amitabh Chaudhry	00531120	17/01/2019
2	Babu Rao Busi	00425793	16/04/2021
3	Deepak Maheshwari	08163253	26/06/2019
4	K Narasimha Murthy	00023046	12/01/2023
5	Pallavi Kanchan	07545615	12/01/2023
6	U B Pravin Rao	06782450	14/04/2022
7	Bipin Kumar Saraf	06416744	20/10/2012
8	Biju Radhakrishnan Pillai	08604963	07/11/2019

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR KTS AND ASSOCIATES
(Practicing Company Secretaries)

Tarlic Shah
Partner
ACS No.: 55160
CP No.: 20503
PR No.: 2980/2023
UDIN: A055160F000380892

Place: Pune
Date: April 18, 2024

Annexure II

COMPLIANCE WITH CODE OF CONDUCT AND CONFLICT OF INTEREST NORMS IN RESPECT OF BOARD OF DIRECTORS AND THE CODE OF CONDUCT AND ETHICS OF THE COMPANY, FOR FINANCIAL YEAR 2024

[Pursuant to Schedule V Para D of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
Axis Finance Limited
Axis House, Ground Floor,
Wadia International Centre,
Worli,
Mumbai - 400025

I hereby confirm that for the year under review, all the directors and members of the senior management of the Company, have affirmed compliance with the said codes, as applicable to them.

Place: Mumbai
Date: April 18, 2024

Bipin Saraf
Managing Director & CEO

Annexure III

CERTIFICATE ON CORPORATE GOVERNANCE

(Pursuant to Schedule V Para E of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
Axis Finance Limited
Axis House, Ground Floor,
Wadia International Centre,
Worli, Mumbai - 400025

We have examined the compliance of conditions of Corporate Governance by Axis Finance Limited (hereinafter referred as "Company") for the financial year ended March 31, 2024 as prescribed under Regulations 17 to 27 and paras C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations").

We state that compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to our examination of the relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as prescribed under Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR KTS AND ASSOCIATES
(Practicing Company Secretaries)

Tarlic Shah
Partner
ACS No.: 55160
CP No.: 20503
PR No.: 2980/2023
UDIN: A055160F000380925

Place: Pune
Date: April 18, 2024

Annexure 4

Form AOC–2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 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 length 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. Capital Infusion 7. OPE Reimbursement 8. NACH Charges 9. IPA Commission Charges Paid 10. Service Charges Other (IT Service Fees) 11. NCD Issue Expenses (Arrangership Fees) 12. Interest Paid on Term Loan 13. Axis Bank Term Loan 14. Interest on Fixed Deposits 15. Non – Convertible Debentures 16. Royalty Charges 17. Interest Paid on NCD 18. ESOP Cost
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 3. CP Issue 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

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	:	Professional Fees
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 transactions at arm's length basis

Sr. No	Particulars		Remarks
a)	Name (s) of the related party and nature of relationship	:	Max Life Insurance Company Limited
b)	Nature of contracts/arrangements/transactions	:	Advertisement Income
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

VI. 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	:	Life Insurance Corporation of India (LIC)
b)	Nature of contracts/arrangements/transactions	:	LIC Gratuity Premium 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

VII. 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	:	FreeCharge 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

VIII. 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	:	IDBI Bank Limited
b)	Nature of contracts/arrangements/transactions	:	Non – Convertible Debentures
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

Annexure 5
Management Discussion and Analysis

Economic Overview

India's economy is exhibiting good growth momentum despite mixed trends globally, with GDP growth of 8.4% in Q3FY24 starkly higher than near-zero numbers being seen in Europe and sluggish growth in Asia led by China. For India, growth is being driven by fixed investment, with indications within the year hinting at corporate capex, real estate and construction, as well as government-led infra spending as drivers. At the same time, domestic inflation shows a dichotomy between high quality disinflation of core CPI along with multiple and repeated food price shocks. The government is also seeing faster than expected fiscal consolidation, with the FY25 budget presenting a smaller than expected deficit target. Limited growth in import demand of late matching a soft patch in manufacturing, as well as strong merchandise and services exports, keep the current account within comfortable limits while inflows relating to bond index inclusion has kept INR volatility at a record low. In the numbers, credit and financing growth are strong – coupled with risks to inflation, these have prevented meaningful easing of financial conditions when compared to other developed and emerging economies in FY 2023-24.

Global economy

The global economy has been broadly divided into those countries like the US where stimulus continues to support growth, and those like the Eurozone and China where stimulus is inadequate and growth slow. In the US, heavy fiscal spending has kept growth on a stronger footing than earlier anticipated given aggressive monetary tightening, with the result that Fed rate cuts expected by markets at multiple points in the current year did not come to pass. For China, government stimulus has stopped short of furthering financial risks related to the property sector created by past rounds of stimulus, especially given practical limits to further value chain integration and domestic value added exports as a means of growth. While policy has prioritised strategic areas like chips and EVs, the overall thrust appears to be boosting consumption. In line with this, both fiscal and monetary stimulus have been limited, with slow growth spilling over into the Eurozone and UK economies as well. Slow growth here has boosted chances of easing, but the start of Fed cuts is awaited likely with a focus on limiting currency volatility.

Global inflation has also slowed from high levels seen earlier in the year, but the rise has been bumpy in recent months with limited disinflation, as well as the impact of geopolitics on prices of crude oil. Even where growth is slow, inflation confidence is not yet high enough to ease monetary conditions independently of the Fed. In all this, the BOJ has begun a process of rate hikes, given stronger growth and inflation readings following decades of sluggishness. The flow of global savings through FDI has also slowed down, with ongoing QT actively absorbing savings that would otherwise have found their way into investments.

FY 2025 outlook: Macro-Economic Environment

The global environment going ahead will likely remain unfavourable, with two wars, a bias towards keeping financial and monetary conditions tight through QT and restrictive rates (even if less restrictive than before), adding to policy uncertainty around the US election late this year juxtaposed with potential global policy measures to match any US actions. Potential for tariffs and other non-tariff barriers after the US elections could lead to tit-for-tat increases worldwide and lead to potentially higher inflation in the near-end, coupled with lasting pressures from the need to use more domestic rather than imported value added. This will likely hold back cross-border investments and keep conditions tight, with fragmentation on trade and geopolitical lines likely.

In addition, resultant needs for defence spending will also likely push demand against available supply on a global basis. Keeping growth and inflation both supported with more active fiscal policy. This environment also likely means more government intervention in business going ahead.

Indian Economy

Review

Growth momentum in India has sustained, and in some cases, improved, despite the unfavourable global environment. This has been seen in both industry and services, despite soft growth on agriculture owing to the poor monsoon in 2023. Growth in industry has been supported by steel and cement tracking stronger construction trends, demand for capital goods in line with stronger investment, mining given higher thermal coal consumption, and electricity given warmer weather and underlying demand. Services growth has been boosted by travel, trade, transportation, finance and real estate, offsetting a slower pace of government revenue spending in the year. In addition, stronger exports growth in modern services also boosts trends.

Seen from the point of view of demand, fixed capital formation remains a key driver of growth, with consumption growth lagging in line with weaker rural demand. The investment growth is largely a mix of corporate capex, residential real estate construction, and government driven infrastructure, while exports of goods and services also provide stronger growth trends. Good exports growth across goods and services also come in line with limited imports growth, with manufacturing seeing a soft patch after the festive season – coupled with remittance inflows, this has kept the current account deficit within comfortable limits and allowed for accretion to FX reserves, despite limited financial inflows with FDI slowing. FPI inflows have been boosted by bond index flows, but are also relatively muted considering the start of a global easing cycle. These trends have allowed the INR a record low level of volatility, falling much more than seen in peer FX markets.

Despite stronger growth and reasonable employment momentum, core inflation remains contained – the latest reading around 3.25% for April 2024 was the lowest in the current series. Core inflation has been soft for many months now, and is reflected across a number of metrics indicating true disinflation in force. This is in contrast to food inflation, which is driven by repeated and overlapping food price shocks – with sharp increase in tomato prices mid year, inadequate Winter disinflation, elevated prices of cereals and pulses, and an earlier than expected seasonal pickup in vegetable prices in calendar 2024. These have kept overall inflation well-above the target this year, even if changes in consumption patterns are taken into account.

With stronger investment activity and cleaner balance sheets, funds have been raised by both the corporate and household sectors. This has been seen in credit growth of over 20% in the second half of the fiscal (over 16% after excluding the effect of the HDFC merger), and has persisted even after regulatory norms for unsecured personal loans and credit to NBFCs were tightened. Deposit growth remains lower, partly reflecting RBI liquidity absorption and partly reflecting the funding mix of the erstwhile HDFC Ltd., leading to C/D ratios of banks reaching record levels, and pushing up spreads in CP and CD instruments. Discomfort with strong credit growth continuing, as well as with food inflation has limited domestic monetary easing, though some easing of liquidity pressures can be seen.

Outlook

India is likely to see continued growth momentum, with trends around real estate and construction, government hard and soft infrastructure, increasing domestic productivity, renewable energy, and corporate capex in place, added to by likely recovery of consumption to an extent. This will be seen despite statistical quirks that boosted growth in FY 2023-24 – a negative manufacturing deflator and slower growth in state subsidies – fading in the coming year. This is likely to translate to softer but still strong industrial growth, while consumption is likely to continue to support services. CPI inflation is likely to remain at higher levels given moves in food prices, even though core inflation will likely bottom in the year. With credit growth also likely to remain high, the ability to ease policy will likely remain constrained.

Stronger consumption growth is likely to translate to a slightly wider current account deficit, with limited global financial flows limiting the scope of reserve accumulation in the year. This will likely lead to a weaker INR.

Industry Overview

As the country progresses, demand for credit is likely to remain strong, especially among Micro, Small and Medium Enterprises (MSMEs)and retail, and is projected to grow by 13.5%–14.0%.

NBFCs have emerged as the crucial source of finance for a large segment of the population, including SMEs and economically unserved and underserved people. They have managed to cater to the diverse needs of the borrowers in the fastest and most efficient manner, considering their vast geographical scope, understanding of the various financial requirements of the people and extremely fast turnaround times. Non-bank money lenders have played an important role in the financial inclusion process by supporting the growth of millions of MSMEs and independently employing people.

The sector has grown significantly, with a number of players with heterogeneous business models starting operations. The last few years have seen a transformation in the Indian financial services landscape. The increasing penetration of neo-banking, digital authentication, rise of UPI and mobile phone usage as well as mobile internet has resulted in the modularisation of financial services, particularly credit.

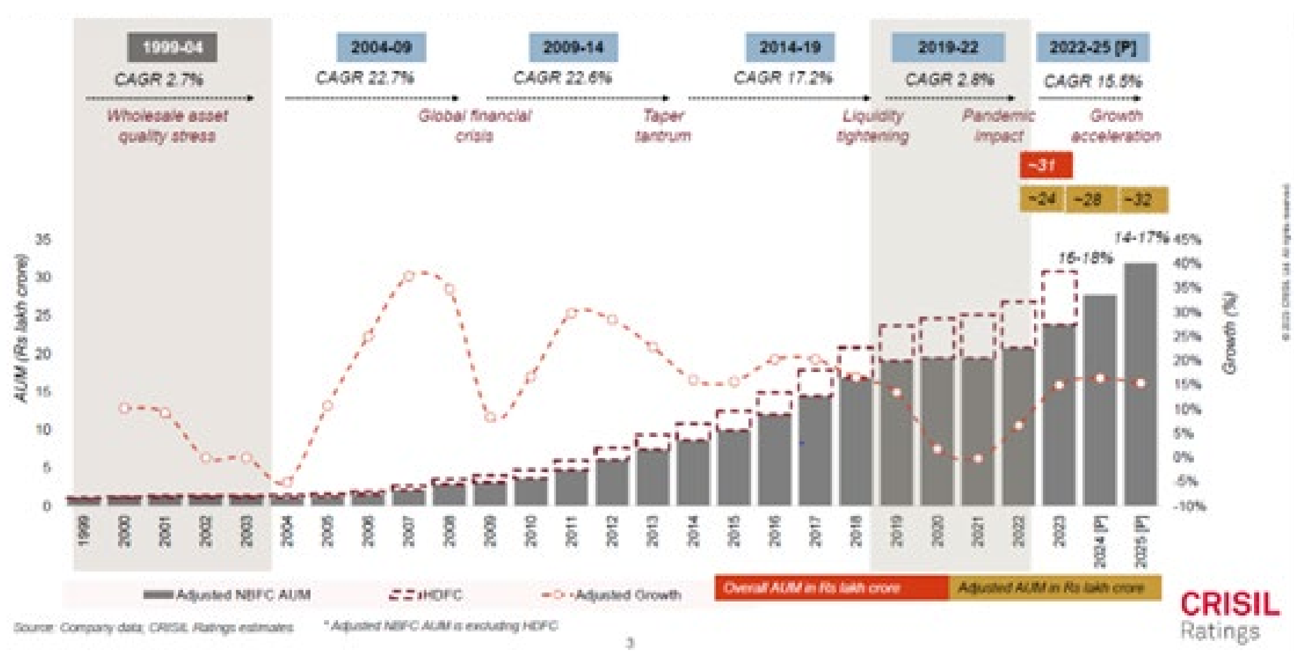
Outlook

According to CRISIL report – NBFC: Growth back in limelight, assets under management (AUM) of the NBFC sector are expected to grow 14%-17% in this fiscal. Additionally, NBFCs are realigning their portfolio strategies by shifting focus towards traditional asset classes like loan against property (LAP). Unsecured credit growth is expected to come down post RBI circular which implemented higher risk weights to unsecured consumer credit exposure. In the circular RBI has also increased risk weights for banks credit to NBFCs by 25bps. This will increase borrowing costs for NBFCs & it also becomes imperative for NBFCs to diversify the source of borrowings.

AUMs Growth

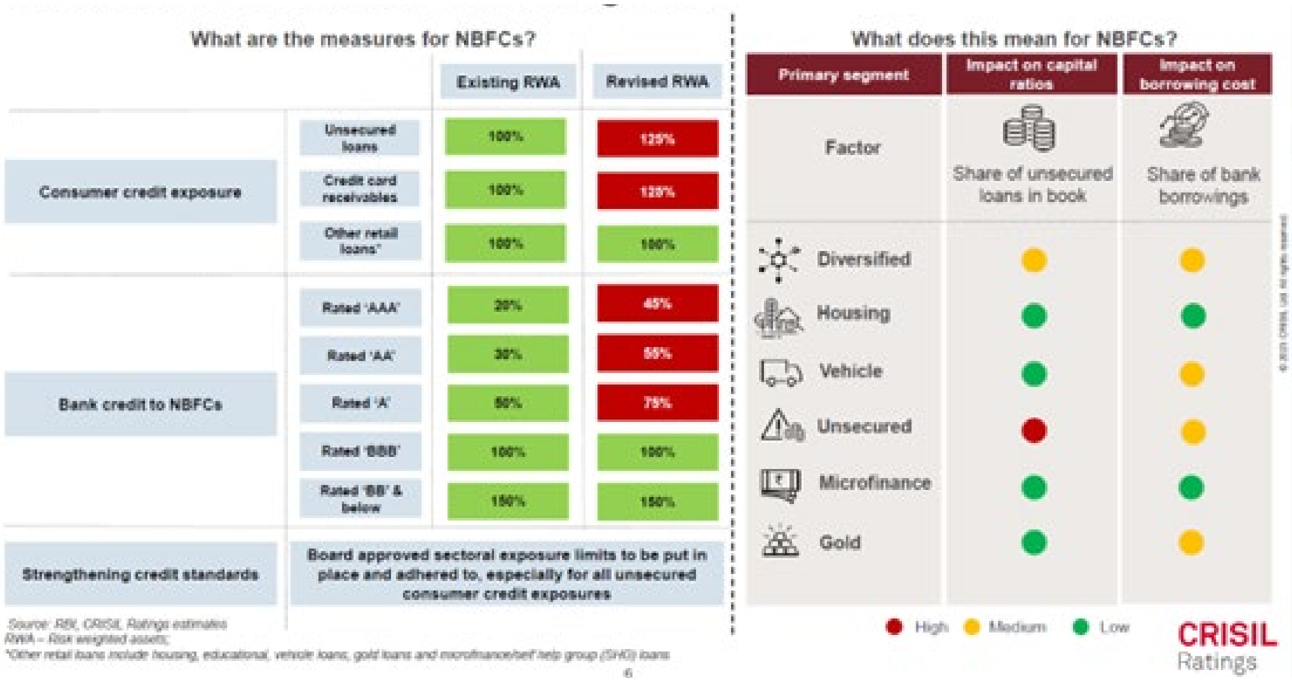
Growth in NBFC assets seen at 14-17% next fiscal

AUM Growth in acceleration phase, but impact of regulatory needs to be monitored



Source: CRISIL Ratings

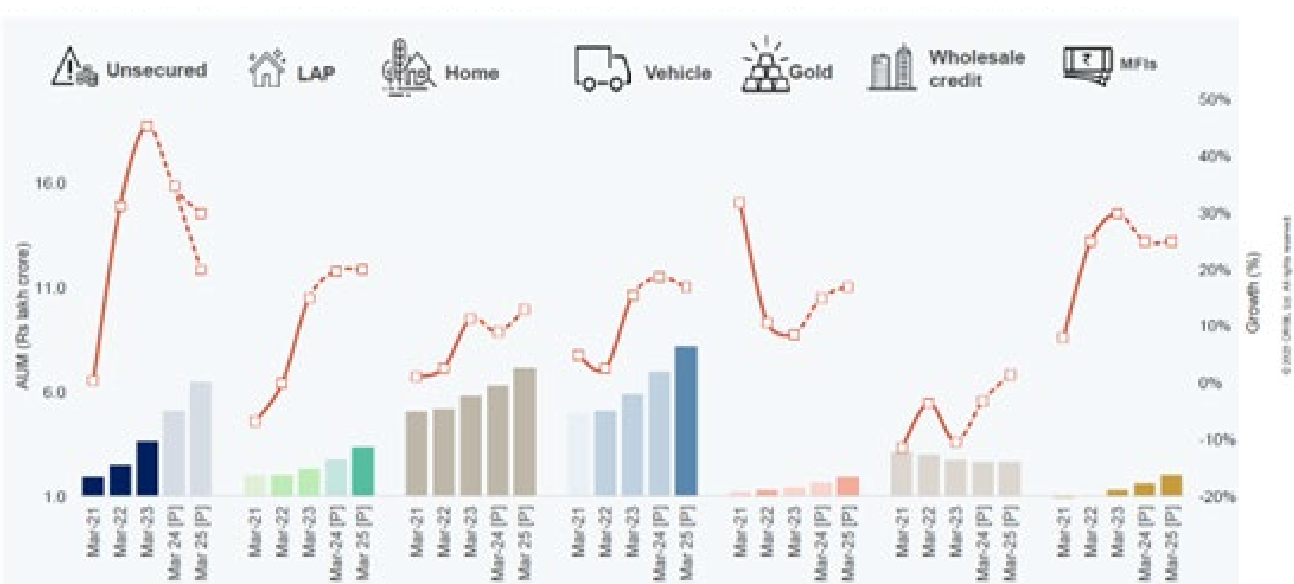
RBI measures to calibrate growth



Source: CRISIL Ratings

AUM Growth led by the segments

Traditional segments to sustain growth; unsecured growth to come down



Source: CRISIL Ratings

Key reasons for NBFC growth:

1. Deep Demographic & niche market understanding. India is still a credit starved market with lots of scope for penetration. NBFCs have tapped few such markets & have understood customer requirements
2. Tailored product offerings- NBFCs have adapted their product offerings for certain products that are typically not supported by bank funding. (Eg: 2nd hand heavy vehicle loans)
3. Geographical Reach – NBFCs will continue to capitalise the vacuum in Tier III & Tier IV markets which are underbanked by banks
4. Technology Advancement – NBFCs have invested on technology to help in credit underwriting process & the journey of the customer. This has resulted in faster turnaround time & better customer satisfaction & retention.
5. Co-Lending – The co-lending circular has brought in tie-ups between banks & NBFCs to collaborate for growth in AUMs & better balance sheet management. Larger NBFCs have also tied up with smaller NBFCs thereby providing liquidity support & growth in disbursements.

Key Growth Segments

1. MSME Segment- India's growth story in the next decade will be fuelled by the growth of MSME sector. Their contribution to GDP is expected to increase from 30% in FY 23 to 40% in 5-7 years as per a KPMG report (NBFCs in India: Growth & Stability. Growth will be seen across Trade, Manufacturing & services sub sectors of MSMEs. Formal credit deployment will play a crucial role in the growth of this sector and NBFCs will be a critical contributor.
2. Retail Credit - Sub-sectors such as consumer durables, vehicle loans, microfinance and affordable housing are witnessing a surge in demand. This growth is underpinned by strong macroeconomic factors and an increase in private consumption. NBFCs, with their agile operation models, are well-positioned to cater to this burgeoning demand.

In essence, 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

The Reserve Bank announced several measures in the recent past to enhance customer centricity and foster greater transparency and disclosure by the regulated entities. These measures, inter alia, include:

- levying of Penal Charges and not Penal Interest over and above the applicable interest rates;
- proper communication with and/or consent of the borrowers before reset of floating interest rate on EMI based personal loans;
- release all original movable/immovable property documents and removal of charges registered with any registry within 30 days after full repayment/ settlement of the loan account;
- framework for compensation to customers for delayed updation/rectification of credit information with Credit Information Companies;
- strengthening of customer service rendered by Credit Information Companies and Credit Institutions

The Company has taken requisite steps including formulation of policy and website disclosure to comply with these measures.

Further, on account of high growth seen in consumer credit and increasing dependency of NBFCs on bank borrowings, the central bank:

- increased the risk weight for consumer credit exposure of NBFCs categorised as retail loans, excluding housing loans, educational loans, vehicle loans, loans against gold jewellery and microfinance/SHG loans, from 100% to 125%;
- increased the risk weights on loans given by banks to NBFCs, effectively pushing up capital needs for all classes of lenders. NBFCs were affected as most of their borrowings were heavily dependent on banks. This, in turn has pushed up interest rates on borrowings.
- advised REs to review sectoral exposure limits for consumer credit including unsecured consumer credit exposures and put in place Board approved limits in respect of various sub-segments under consumer credit as part of prudent risk management.

The Company's Personal Loan portfolio now attracts a Risk weight of 125% resulting in increased capital requirement. Revised risk weight on exposure of banks to the Company is now at 45%, leading to increase in cost of credit. The Company has incorporated new guardrails in Risk Appetite Statement for unsecured consumer credit.

Business Overview

Axis Finance Limited, incorporated in June 1995, is a uniquely positioned AAA rated "Universal NBFC" catering to corporate, retail and MSME customer segments with a Pan-India footprint. It has, since its inception, built a strong lending franchise that is demonstrated by its staggering growth of 34.28% CAGR in AUMs over the last 5 years, making it one of the fastest growing NBFCs in India. This can further be attributed to its strong foundation with a tech-enabled scalable business model and customer-centric product portfolio powered by the One-Axis ecosystem.

Customer-centricity, asset quality, granularity and diversification remain the core pillars of the company through which it continues to serve the financial needs and aspirations of its customers. The strategies of growth are intrinsically aligned to meet the objectives of the core pillars

Consequently, our strategies and measures have aided in a sustainable growth of the Book to an AUM of ₹35,315 Crore as of March 31, 2024. AFL today is a 1350+ manpower strong NBFC spread across 200+ locations catering to 2 lac+ customers across a diversified pool of products and customised financial solutions to Retail, Emerging Corporates, MSMEs and Corporate verticals

AUF Contribution of different segments over the years:

Segment	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24
Corporate Banking	100%	97%	79%	63%	56%	53%
Retail	0%	3%	17%	33%	41%	45%
Treasury	0%	0%	4%	4%	3%	2%

Segment	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24
AUM (Total Assets)	8,140	7,817	11,089	17,059	25,366	35,315

Retail 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

Corporate Banking Segment

- 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)
- Smaller-ticket secured loans (in the ₹5 to 25 Crore range) providing customised solutions to MSMEs and Emerging Corporates for meeting their growth capital needs

Diversified Loan Portfolio (basis AUF):

Corporate Loan	Collateralised	Emerging Markets Loan	RE Funding	Retail LAP	Business Loan	Housing Loan	Personal Loan
8,572	4,545	1,919	2,041	7,988	283	2,037	4,029

Segment–wise Review

Corporate Banking Segment

AFL started its journey with the Corporate Banking business that has, over the course of last 11 years, created an identity for itself and is well respected as a leading corporate lending franchise. The segment has thoughtfully and judiciously evolved by aligning its internal strategies to the dynamics of the macro-economic as well as regulatory environment. These aforementioned strategies and their swift implementation together have enabled the segment to deliver consistent and resilient performance across all parameters.

AFL remains a “Preferred Lender” for our corporate banking clientele as demonstrated by continuous repeat business from some of the industry leading players. Our comprehensive portfolio of product offerings provides bespoke solutions to varied financing requirements of customers. Our differentiated delivery model further adds to our competitive edge. These products can primarily be classified into four categories, namely, corporate loans, Collateralised loans, Real Estate loans and Emerging Corporate loans.

1. **Corporate Loans:** Our Corporate loan portfolio comprises the largest share within the Corporate Banking segment providing loan facilities with tenures ranging from 3 months to 10 years to all sizes of corporates (strategic conglomerates, large and mid-sized corporates) diversified across 25+ sectors. ~74% of incremental corporate loan disbursements made in FY 2024 were in the A- & above rating category demonstrating our focus on asset quality.
2. **Collateralised loans:** Our second largest portfolio comprising 27% of corporate banking share entails 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 etc). The portfolio continues to perform well with Nil delinquencies in FY 2024.
3. **Real Estate:** Within RE portfolio, inventory funding constitutes the largest share wherein completed and nearing completion projects comprise 83% of FY 2023-24 closing Real Estate Book in select Metro and Tier 1 cities (largely Top 10 cities). As these are ready inventory/late-stage projects, the loans are self-liquidating in nature through sale of inventory. As of 31st march 2024, the composition of Residential and Commercial projects is 77% and 23% respectively. We have made selective and strategic additions to widen our offerings to construction funding which comprise 17% of the corporate banking book as of March 31, 2024.
4. **Emerging Corporates:** 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 the Tier II and III markets. The segment has established its presence in over 25 locations and has recorded an AUF of ₹1,919 Crore as of March 31, 2024 making disbursements of ₹690 Crore during the Fiscal Year 2024. EM Book is 100% secured.

Corporate Banking largely focuses on direct-origination model for business sourcing. The momentum of book growth has continued with increasing vigour during the year wherein the Corporate Banking segment made highest-ever disbursement in FY2023-24 to the tune of ₹12,677 Crore (representing 97% of the Opening AUF due to its high churning nature). Consequently, Asset under Finance grew to ₹17,077 Crore.

Keeping in line with one of our core pillars of diversity, the corporate banking book has an exposure to 25+ sectors, wherein the secured lending segment accounted for ~93% of the total corporate banking book. ~74% of the total Corporate Book comprised of assets in the A- and above rating category.

17,077 Crore
Loan Book

93%
Secured Loan Book

74%
Proportion of Corporate loan book rated A- and above

Corporate banking has, over the course of the last decade, consistently delivered industry leading return ratios. The book continues to remain resilient and robust as demonstrated by its best-in-class Asset Quality metrics. Corporate Banking believes in sustainable growth by leveraging on technology to increase automation at every stage of the loan cycle to reduce TAT and strengthen process standardisation. Some of the key digitisation and automation initiatives undertaken during the year include operationalisation of the LOS system for a system-driven end-to-end sanctioning process, Early Warning System (EWS) for loan monitoring and activation of customer touchpoints for customer feedback/grievances.

0.34%

Stage 3

1.24%

Stage 2

98.42%

Stage 1

Outlook for Corporate Banking

Our outlook for Corporate Banking remains positive with a well-formulated growth strategy keeping in line with Axis Group ethos of GPS – Growth Profitability and Sustainability – as well as maintaining our competitive edge in the segment.

1. Growth: The segment believes that granularity and diversification are the keys to risk mitigation. We will continue to maintain the book growth momentum wherein Emerging corporates will be the primary focus. Manpower strengthening and geographic expansion have been guided by the opportunities identified in the MSME segment
2. Profitability: this will be a two-pronged approach – replacing the relatively low-yield assets and recalibration of the book composition towards more yield-accretive products and sectors. Higher adoption of syndication and co-lending model to participate in larger ticket transactions while maintaining granularity.
3. Sustainability: credit discipline has been one of our core pillars of growth in corporate banking. Our origination strategies will continue to remain aligned to the segment's risk appetite with pro-active measures towards portfolio monitoring to maintain asset quality metrics. Bringing in more process automation measures via new digitalisation initiatives to convert the segment to a more tech-enabled scalable business model

Retail segment

Post adding retail segment to our portfolio in FY 2020, Retail book has shown staggering growth of 150% CAGR over past 4 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.

14,337 Crore

Loan Book

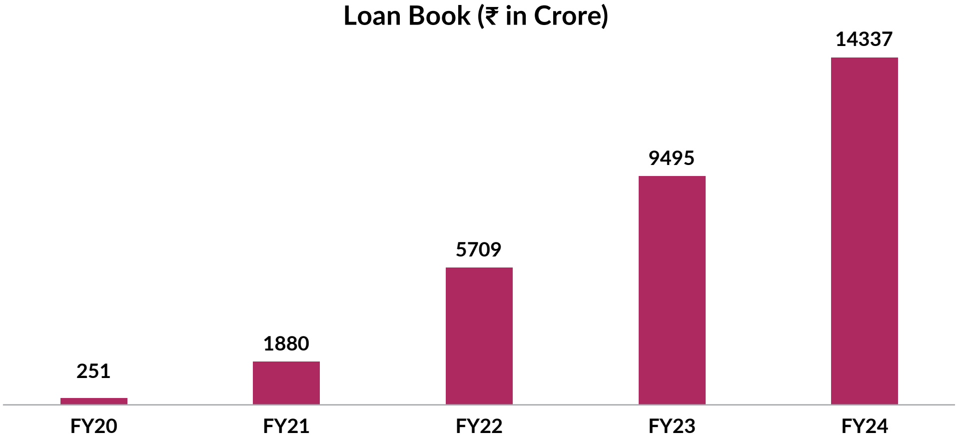
150%

CAGR in retail loans since FY 2019-20

70%

Proportion of secured loan book

Loan Book (₹ in Crore)



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 ₹10 Crore 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 Crore 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 Lakh with tenure of up to 84 months. The top up facility against these loans is also offered by the Company. 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 Lakh 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 1.5x Y-o-Y and retail mix was up from 41% Y-o-Y to 45% in FY23-24. On the disbursements front, the Retail lending segment delivered strong numbers with gross disbursements of ₹10,942 Crore in FY 2024 representing a 36% 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. Company has also undertaken few sell down transactions through Direct Assignment route to replace low yield asset book with higher yield book.

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.

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. 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 2024.

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 Crore)

Particulars	2023-24	2022-23	% change
Interest Income	2976.7	2136.25	39.34%
Other Income	177.43	190.33	-6.78%
Total revenue	**3154.13**	**2326.58**	**35.57%**
Finance Cost	1829.73	1196.39	52.94%
Employee benefit expenses	245.18	192.5	27.37%
Depreciation, amortisation and impairment	20.39	15.57	31%
Other expenses	114.04	83.37	36.79%
Total expenses	**2209.34**	**1487.83**	**48.50%**
Profit/loss before taxes and impairment	944.79	838.75	12.64%
Impairment of financial instruments	150.24	65.34	129.92%
Profit/loss before taxes	**794.55**	**773.41**	**2.73%**
Tax expenses	197.35	194.31	1.56%
Profit/loss for the period	**597.20**	**579.10**	**3.13%**
Other comprehensive income	(0.99)	1.38	-171.74%
Total comprehensive income	**596.21**	**580.48**	**2.71%**

Total revenue increased by 35.57 % Y-o-Y (year-on-year) from ₹2326.58 Crore in fiscal year 2023 to ₹3154.13 Crore in fiscal year 2024. Interest income Increased by 39.34 % Y-o-Y (year-on-year) from ₹2136.25 Crores in Fiscal year 2023 to ₹2976.70 Crore in fiscal year 2024

Total Expenses has been increased by 48.50 % from ₹1487.83 Crore in fiscal year 2023 to ₹2209.34 Crore in fiscal year 2024. The increase is mainly due to higher business volumes. PAT increased by 3.13 % Y-o-Y (year-on-year) from ₹579.10 Crore in fiscal year 2023 to ₹597.20 Crore in fiscal year 2024.

Interest Income

(₹ in Crore)

Particulars	2023-24	2022-23
Interest on Loans (at amortised cost)	2,874.69	2057.68
Interest income from investments (at amortised cost)	78.98	59.79
Interest income from investments (FVTPL)	18.88	16.59
Interest on Deposit	3.61	1.83
Interest on Lease Deposit	0.54	0.36
Total	**2,976.70**	**2,136.25**

Interest Income constitutes 94.37 % of Total Revenue and there is 39.34 % increase Y-o-Y (year-on-year) from ₹2136.25 Crore in fiscal year 2023 to ₹2976.70 Crore in fiscal year 2024.

Other Income

(₹ in Crore)

Particulars	2023-24	2022-23
Fees and commission Income	50.36	43.26
Net gain on fair value changes	38.52	5.75
Net gain/(loss) on Derecognition of financial instruments under amortised cost category	88.55	141.32
Total	**177.43**	**190.33**

Other Income constitutes 5.63 % of Total Revenue and there is 6.78 % decrease Y-o-Y (year-on-year) from ₹190.33 Crore in fiscal year 2023 to ₹177.43 Crore in fiscal year 2024 due to lower sell down gain in current financial year.

Finance Costs

(₹ in Crore)

Particulars	2023-24	2022-23
Interest on borrowings	1,001.68	558.59
Interest on debt securities	516.82	467.42
Amortisation of discount on commercial paper	150.56	52.36
Interest on subordinated liabilities	143.55	93.19
Interest on lease liabilities	1.61	1.13
Other Finance expense	15.51	21.58
Interest On Income Tax	0	1.72
Total	**1,829.73**	**1,196.39**

Major increase is in Finance cost by 52.94 % Y-o-Y (Year on year) from ₹1196.39 Crore to

₹1829.73 Crore. Interest on borrowings forms major part of Finance cost There is an increase in borrowings in current year, from ₹20,001.83 Crore in fiscal year 2023 to ₹27,943.09 Crore in fiscal year 2024.

(₹ in Crore)

Particulars	2023-24	2022-23
Salaries and wages	220.84	172.59
Employee Stock Option	13.09	9.20
Contribution to provident and other funds	6.93	5.36
Gratuity expenses	1.28	3.17
Staff welfare expenses	3.04	2.18
Total	**245.18**	**192.50**

Employee benefit Expenses has been increased by 27.37 % Y-o-Y (Year on year) from ₹192.50 Crores to ₹245.18 Crore in Fiscal year 2024 this is mainly due to increase in employee strength, increase in average salary.

Depreciation, amortisation and impairment and Other Expenses

There is increase in Depreciation, amortisation and impairment expenses by 31% compared to last year majorly due to major addition in vehicles and computers

(₹ in Crore)

Particulars	2023-24	2022-23
Depreciation, amortisation and impairment	20.39	15.57
Other expenses	114.04	83.37

Other expenses

Other Expenses comprises mainly Professional fees, Rents Rates and Taxes, IT support Business promotion and Subscription charges Other Expenses increased by 36.79 % Y-o-Y (Year on year) from ₹83.37 Crores in Fiscal year 2023 to ₹114.04 Crore in Fiscal year 2024 mainly on account of higher business volume.

Profit Before Tax

There is 2.73 % increase in PBT from ₹773.41 Crores in Fiscal year 2023 to ₹794.55 Crore in Fiscal year 2024.

Profit after Tax

Profit After Tax has been increased by 3.13 % (Y-O-Y) from ₹579.10 Crores in Fiscal year 2023 to RS 597.20 Crores in Fiscal year 2024. The Increase is due to increase in total revenue offset by increase in total expense.

Balance Sheet Parameters

(₹ in Crore)

Particulars	2023-24	2022-23	2022-23
Financial Assets			
Cash and cash equivalents	607.04	755.16	-19.61%
Receivables	7.59	0.14	5368.59%
Loans	30,356.77	22,006.25	37.95%
Investments	1548.16	909.33	70.25%
Other financial assets	173.69	136.30	27.43%
Subtotal Financial Assets	**32,693.25**	**23,807.18**	**37.33%**
Non-Financial Assets			
Current Tax Assets (net)	50.19	44.29	13.35%
Deferred Tax Assets (net)	102.65	79.72	28.76%
Property, plant and equipment	8.13	6.13	32.70%
Intangible assets under development	1.02	0.13	662.25%
Other Intangible Assets	13.92	13.75	1.20%
Right-of-use assets	21.13	15.85	33.35%
Other non-financial assets	11.80	9.83	19.87%
Subtotal Non-Financial Assets	**208.84**	**169.70**	**23.06%**
Total Assets	**32,902.09**	**23976.88**	**37.22%**

Total assets increased by 37.22% to 32,902.09 Crore as on March 31, 2024 from 23,976.88 Crore on March 31, 2023. Out of Total Assets Financial assets constitutes around 99.36 % and there is growth in Financial assets by 37.33 %. Asset under management for current year is ₹35,315 Crores and Asset under Finance for the current year is ₹32,123 Crores of which Retail loan book is ₹14,337 Crore and Wholesale loan book is ₹17,077Crore and treasury 709 Crores. There is growth of 4.38 % in non-financial assets.

Asset Quality Parameters

- The Company's ratio of Gross NPAs ratio decreased to 0.46 % in FY 2023-24 from 0.60 % in FY 2022-23
- The Company's ratio of Net NPAs ratio decreased to 0.24 % in FY 2023-24 from 0.26 % in FY 2022-23

Liabilities and Equity

(₹ in Crore)

Particulars	2023-24	2022-23	%change
Financial Liabilities			
Payables			
Trade Payables			
total outstanding dues to micro and small enterprises	0	0	0.00%
total outstanding dues of creditors other than micro and small enterprises	0.64	2.09	-69.15%
Other Payables	-	-	
total outstanding dues to micro and small enterprises	2.74	2.69	1.82%
total outstanding dues of creditors other than micro and small enterprises	44.92	33.81	32.84%
Debt securities	12096.49	7963.55	51.90%
Borrowings (Other than debt securities)	13407.52	10508.07	27.59%
Subordinated Liabilities	2439.07	1530.21	59.39%
Lease Liabilities	21.33	16.59	28.58%
Other financial liabilities	758.50	706.69	7.33%
Sub-total-Financial Liabilities	**28,771.21**	**20,763.70**	**38.56%**
Non-Financial liabilities			
Current tax liabilities (net)	11.06	3.27	238.45
Provisions	37.14	29.29	26.81%
Other non-financial liabilities	14.03	9.05	55.10%
Sub-total- Non-Financial Liabilities	62.23	41.61	49.49%
Total Liabilities	28,833.44	20,805.31	38.59%
EQUITY			
Equity share capital	627.06	590.81	6.14%
Other equity	3441.59	2580.76	33.36%
Total EQUITY	4,068.65	3,171.57	28.28%
Total Liabilities and Equity	**32,902.09**	**23,976.88**	**37.22%**

Total Liabilities comprises of Financial and non-Financial liabilities. In current year total liabilities increased by 38.59% from ₹20805.31Crore to 28833.44 Crore. Financial Liabilities comprises of 99.78% of total liabilities there is a increase of 38.56% increase of financial liabilities in current year from ₹20763.70 Crore in fiscal year 2023 to ₹28771.21 Crores in Fiscal year 2024. Financial Liabilities is increased majorly due to borrowings (other than debt securities) from ₹10,508.07 Crore in fiscal year 2023 to ₹13,407.52 Crore in fiscal year 2024.

Key Ratios

(₹ in Crore)

Particulars	2023-24	2022-23
ROA	2.22%	2.80%
ROE	16.50%	21.10%
GNPA	0.46%	0.60%
NNPA	0.24%	0.26%

SWOT Analysis

Strength	Weaknesses	Opportunities	Threats
Strong parentage Access to extensive industry expertise, and strong brand recall through Axis bank and one Axis ecosystem.	Retail product offering is currently limited to 4-5 products in comparison to the competition landscape.	**New geographies** – RUSU (Rural and semi-urban) 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.	**High competition** 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

Inherent to business profile, AFL is exposed to a gamut of risks in its ongoing activities. Within the organisation, AFL has defined and incorporated a comprehensive risk management framework to lay out controls to prudently manage different risks to ensure resilience and sustainable growth.

From a governance perspective, the Board of Directors is the apex governance body on all matters of risk management and oversees the establishment, monitoring and integration of the risk management framework within organisation. The Board exercises its oversight through Risk Management Committee of the Board. The Risk Management Committee oversees the implementation of desired risk management framework in AFL. This framework incorporates a Risk Appetite Statement approved by the Risk Management Committee that covers both Financial and non-Financial risk guardrails. The Risk Appetite Statement captures different parameters related to capital adequacy, portfolio concentration, liquidity, interest rate risk profile as well as different operational aspects, required to be monitored at specified frequencies at Board level and Executive level. 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.

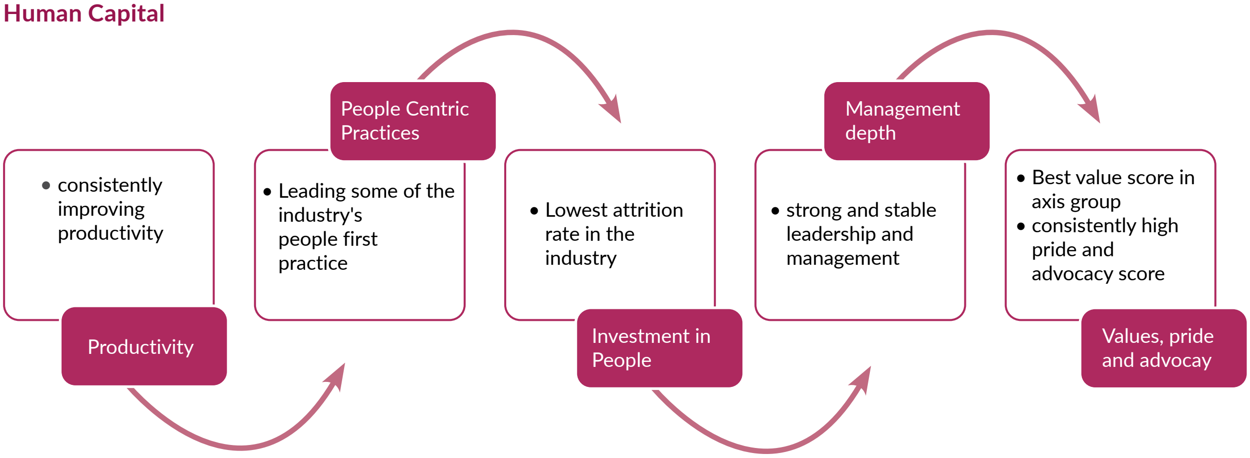
AFL adopts the three line of defence model for risk management. The first line of defence is formed by Business units who are the “owners” of risk and are directly engaged with customers as representation of AFL. The Risk and the Compliance functions, forming the second line of defence, are independently responsible for ensuring day-to-day implementation and monitoring of various aspects related to risk and compliance framework in AFL. The internal audit function forms the third line of defence and is tasked with providing assurance to Board regarding effectiveness of risk policies and processes across AFL.

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 • Internal rating of all proposals through rating tool and scorecards • 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 monitored by the ALCO and RMC • Monitoring of various RBI prescribed liquidity ratios that act as EWS for liquidity risk • 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
Operational Risk Management	• Operational Risk Assessment to strengthen internal controls through RCSA exercises • Business Continuity Plan in place to ensure business continuity related to people, process and systems • Review, monitoring and analysis of frauds • Third party risk management including management of outsourcing risk through monitoring and internal controls.

Risks	Mitigation measures
Cyber and Infosec Risks	• Information and Cyber Security (IS & CS) Risk identification • IS & CS controls implementation and monitoring based on risk perception • DLP and Endpoint security controls • Management of application/infra/network security • Continuous vulnerability assessment of infrastructure and applications • Cybersecurity and Infosec awareness programs • Resilience management and awareness • Third party IS risk management

Human Resources

Human Capital



Employees are the pillars on which the Organisation flourishes. In our 11 year journey of continual excellence and growth, employees are the core of each aspect at AFL ! We at AFL are on the path to creating 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 safe & healthy workplace, competitive rewards, development opportunities and empathetic leadership, as we strive to maintain a truly satisfying, meritocratic and rewarding work culture. In a testimony to our work culture 12 initial employees who joined us in 2013 are still with us. The year was marked with bitter sweet memories, and as we get older as an Organisation, we at AFL saw our first superannuation.

1370
Employees

934
Retail section employees

144
Wholesale and emerging section employees

292
Support function employees

24.9%
Attrition down 54% over 3 years

600
New employees hired in the year

16%
CAGR of headcount in last 3 years

35 Years
Average Age

Fostering a high-performance culture

At AFL, we have cultivated a transparent and 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 235 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. This year we saw 30 transfers within the organisation. 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 which introduces employees to a culture respect & trust, and organisational values of CETTO. AFL reinforces the values by rewarding employees who demonstrate exceptional behaviour through its R&R processes. Values forms a critical part of induction for every new joiner. AFL has zero tolerance to violation of Ethics and Code of Conduct. We also have a Buddy program to help new joiners settle in the organisation and manoeuvre their way across the organisation.

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 dedicated helpline to aid and assist employees undergoing medical emergencies, has gone long way in building faith within the organisation. 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. Business continuity management system have been adopted for Business continuity planning to safeguard in case of any emergency or disaster. Focussing on employees and the organisations assets.

AFL encourages employees to have a good work life balance and provides safe-work environment. Additionally, discouraging late-sitting at work in all forms and encouraging employees to make an optimal use of their work hours. Other than this, employees are encouraged to follow a roster, whereby they can work from offices closer to their homes on certain days. Open-door policy at work, team meetings, training interventions, townhall meetings, regular updates, employee education and awareness programs 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.

Tech automation

The year was marked by digitisation of employee life cycle through the implementation of our new Human Resource Management System – Oracle Fusion and a completely automated its talent acquisition and onboarding with implementation of Ripple hire AFL also launched the One Axis App for easy access to employee related transactions. The tech enablement provides a seamless experience for employees.

Learning being critical for employee's development, AFL also implemented a new learning management system called "A-Flex"). A-Flex provides an enhanced e-learning experience to employees and makes learning accessible. AFL is also the knowledge management portal for all employees where they can access relevant information like policies, process, regulatory guidelines etc.

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.

350

Active Staff Loans (Home Loan)

₹122.75 Crore

Loan amount to staff

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 regulatory, mandatory, functional, behavioural, technical trainings and provide industry knowhow via various external interventions. AFL recognises and supports employee self-learning under the Professional development and upskilling policy. The year saw launches of new Classroom learning programs such as; Saksham 2 The Learning Journey for Sales, Samaadhaan training for Debt Management team, Saamarth for Credit Team, Operational excellence for the Operations Team, Credit Training, The Trusted Partner Training for Mid Management employees in Corporate Banking team, Financial analysis and Financial modelling Trainings, Technical training on AWS basics apart from other on-going trainings. We also saw some unique interventions like the RCU trainings, Legal Trainings and PL se BL Tak Program.

The major highlight was the launch of our new Learning Management System AFLEX. This has helped not just in learning management and self-learning, but helped in data management, creating a repository of important information for all.

50,734

Total learning hours

41.42

Average learning hours per employee

20

External trainings for industry courses

421 employees, 1326 hours

External training

100%

Axis competency profiler test

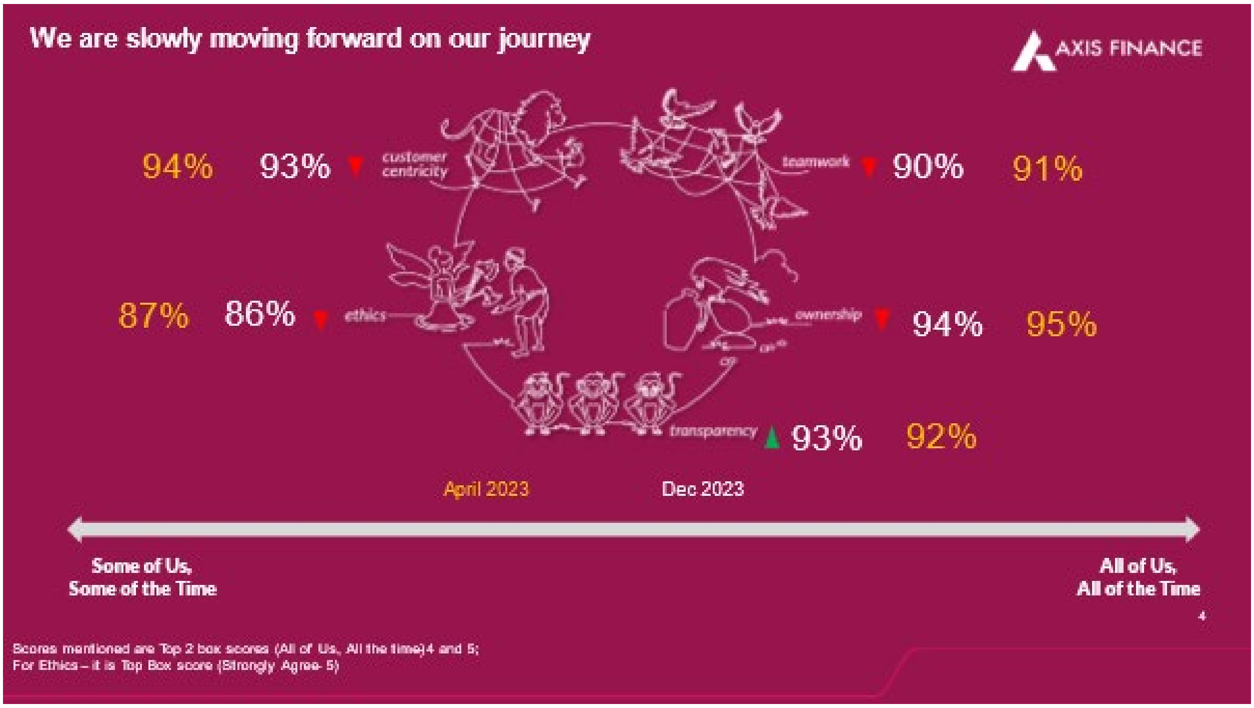
Employee Engagement and Fun at Work

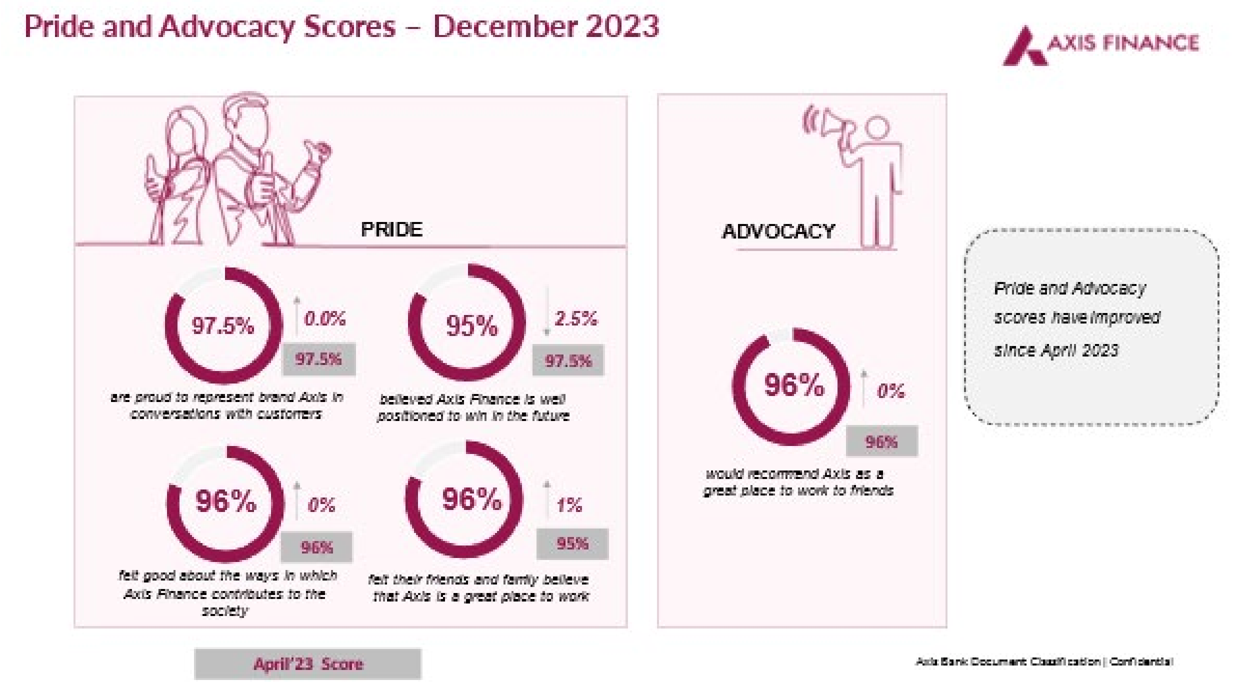
AFL celebrated important regional festivals with employees across different regions. The fun and engagement spread by celebrating health for the Yoga day, some, New Year cheer through a Lucky draw and a facilitating all women employees by a unique Women's Day celebration across the organisation.

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 shown consistency by remaining above 85% on all our value parameters in the FY 2023-24.



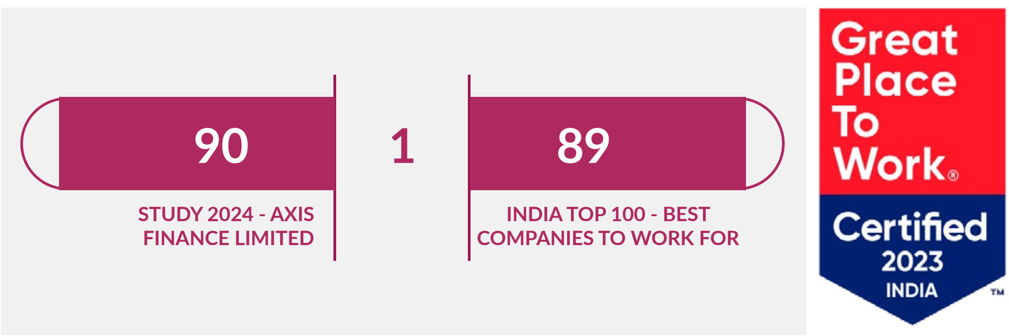


Value	Nov-23	Apr-23	Nov-22	Apr-22
Ownership	94	95	92	90%
Customer Centricity	93	94	91	89%
Transparency	93	92	90	87
Teamwork	90	91	87	84
Ethics	86	87	83	78

Industry Recognition

This Year saw AFL being recognised on various platforms:

*Great Place to work Certification



* Most Preferred Workplace 2023-24 by Marksmen Daily

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 29th Annual General Meeting

NOTICE is hereby given that the **29th Annual General Meeting** of the members of **Axis Finance Limited** will be held on Wednesday, June 19, 2024 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, 2024 together with the Reports of Directors' and Auditors' thereon.

2. To appoint a director in place of Amitabh Chaudhry (DIN: 00531120), who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint M/s G. M. Kapadia & Co., Chartered Accountants, Mumbai, (Firm Registration Number 104767W), as the joint statutory auditors of the Company

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

   "**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit & Auditors) Rules, 2014, Reserve Bank of India Guidelines, including any statutory enactment or modification thereof, and Company's Policy on Appointment of Statutory Auditors, and recommendation of the Audit Committee and Board of Directors of the Company, M/s G. M. Kapadia & Co., Chartered Accountants, Mumbai, (Firm Registration No. 104767W) be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 32nd (Thirty-Second) Annual General Meeting, at a remuneration to be decided by the Board of Directors of the Company in consultation with the Auditors plus applicable goods and services tax and reimbursement of traveling and out of pocket expenses incurred by them for the purpose of audit;

   RESOLVED FURTHER THAT Managing Director & Chief Executive Officer and/or Company Secretary and/or Chief Financial Officer be and are hereby severally authorised for and on behalf of the Company to take all necessary steps and to do all such acts, deeds, matters, and things which may deem necessary in this behalf."

Special business:

4. **To consider and approve increase in borrowing limits of the Company up to ₹70,000 Crore**

   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 – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 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 ₹70,000 Crore (Rupees Seventy Thousand Crore 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."

5. To consider and approve the increase in limits for creation of charge on the assets of the Company up to an amount of ₹70,000 Crore

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)(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 favor 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 ₹70,000 Crore (Rupees Seventy Thousand Crore);

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."

6. Issue of Debentures/Bonds on a private placement basis up to ₹36,000 Crore

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 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 Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 issued by the Reserve Bank of India from time to time including 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 ₹36,000 Crore (Rupees Thirty–Six Thousand Crore 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."

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

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 Crore (Rupees Seven Thousand Five Hundred Crore 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 favor 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."

8. **To consider and approve revised remuneration payable to Bipin Saraf, Managing Director & CEO of the Company for the FY 2025**

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

"**RESOLVED THAT** in accordance with 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 Bipin Kumar Saraf (DIN: 06416744), Managing Director & CEO of the Company for the FY 2025 by 6% i.e. from ₹2,20,93,400/- to ₹2,34,19,000/- w.e.f. April 01, 2024;

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 ₹78,21,063/- paid to Managing Director & CEO for the FY 2025 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 Bipin Kumar Saraf, Managing Director & 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 and/or Company Secretary and/or Chief Financial Officer 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 in this regard."

9. **To consider and approve the revision in remuneration of Biju Pillai, Whole–Time Director (Deputy Managing Director) for FY 2025**

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

"RESOLVED THAT in accordance with 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 Biju Pillai (DIN: 08604963), Deputy Managing Director of the Company (Whole-Time Director) for the FY 2025 by 6% i.e. from ₹1,99,36,000/- to ₹2,11,32,200/- w.e.f. April 01, 2024;

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 ₹66,98,496/- paid to Biju Pillai, Deputy Managing Director of the Company (Whole-Time Director) for the FY 2025 be and is hereby approved;

RESOLVED FURTHER THAT all other terms and conditions of employment of Biju Pillai, Deputy Managing Director of the Company (Whole-Time Director) shall continue to be same and valid;

RESOLVED FURTHER THAT the Board of Directors and/or Company Secretary and/or Chief Financial Officer 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 in this regard."

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

Rajneesh Kumar
Company Secretary
Membership No.: A31230

Date: May 28, 2024
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 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 01.00 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 No. 3:

Pursuant to the guidelines issued by the Reserve Bank of India ('RBI') vide its reference no. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, the Company with an asset size of ₹15,000 Crore and above as at the end of previous year, the statutory audit would require to be conducted under joint audit of a minimum of two (02) audit firms [Partnership firms/ Limited Liability Partnerships (LLPs).

The Company had appointed Singhi & Co and B.K. Khare & Co., as joint statutory auditors of the Company for a period of three (3) years from the conclusion of 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.

Since Singhi & Co. was due for its retirement and the Company shall appoint a new statutory auditor who shall act as a joint statutory auditor of the Company along with B.K. Khare & Co.

Further in terms of the Board approved Policy on appointment of Statutory Auditors, the Company had evaluated various Chartered Accountant firms such as Borkar & Mazumdar, MGB & Co, G.M. Kapadia & Co. and VC Shah & Co.

The evaluation was carried out considering various parameters including but not limited to expertise, experience, qualifications, reputation, availability of qualified CAs, sufficient trained personnel with the firm, size and spread of assets, accounting and administrative units, complexity of transactions, level of computerisation, availability of other independent audit inputs, identified risks in financial reporting and such other factors as the Company may deem fit for its requirements.

Accordingly, pursuant to the RBI circular, the Company's evaluation parameters and basis the recommendation of Audit Committee and Board of Directors, the Company proposes the appointment of G.M. Kapadia & Co., Chartered Accountants, as the joint statutory Auditors of the Company along with B.K. Khare & Co. for a period of three (3) years from the conclusion of 29th Annual General Meeting respectively to be held in calendar year 2024 till the conclusion of the 32nd Annual General

Meeting of the Company to be held in calendar year 2027 and to authorise the Board of Directors of the Company to decide the remuneration to be paid to them, as set out at Item No. 3 of the Notice, for the approval of the members of the Company.

The brief profile of G.M. Kapadia & Co. is as follows:

G. M. Kapadia & Co. ('the Firm') is a firm of Chartered Accountants in India. The Firm provides services in the fields of audit and assurance, tax and regulatory, transaction advisory and consulting keeping in mind the regulatory and commercial environment within which the Firm's clientele operate. The Firm was established in 1938, by late Mr. G. M. Kapadia. Given the high rates of taxation prevailing in India in the second half of the last century, the Firms' area of specialisation was tax planning. With the rationalisation of tax rates over the last four decades coupled with the globalisation of the Indian economy, the Firm has graduated to a full service firm, offering its clients the entire bouquet of services.

The Firm has been instrumental in establishing Indian operations for many foreign companies and involves itself in creating efficient investment models for foreign investments into India. The Firm also renders transaction advisory services and has advised clients on a large number of domestic and international mergers and acquisitions. The Firm's domestic and international clients range from privately owned entities to public listed companies including fortune 500 companies, banks, insurance companies, investment banks, venture capital funds, mutual funds, private equity funds, brokers and high net-worth individuals. Over the years, the Firm has established excellent working relationships with statutory authorities, international firms of Chartered Accountants, Lawyers and Investment Bankers. The Firm's relationships with its clients are essentially based on its commitment to the quality of service and on the trust and confidence reposed in the partners of the Firm. The Firm is proud to service its heritage clients, some in their fourth successive generation.

With the help of state of the art systems, the Firm offers an enhanced level of service to its clients. The Firm also invests in building human resources which are paramount to any service function. A staff of dedicated professionals with diverse skills and proficiency give the Firm, the ability to quickly respond to client queries and also to set-up separate dedicated teams to deal with the complexities involved. The principled approach of the Firm coupled with ethical compliances enables the Firm to discharge its professional functions dispassionately, with dignity and responsibility. The Partners and professionals of the Firm are encouraged to meet the highest standards of efficiency, sincerity and integrity and to cater to the needs of the client in a time-bound manner without any compromise on quality of service and diligence.

The Board, accordingly, recommends the passing of the ordinary resolution as set out at item No. 3 of this Notice, for the approval of the Members.

None of the Promoters, 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.

Item Nos. 4 and 5:

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 28th Annual General Meeting held on June 06, 2023 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 ₹45,000 Crore (Rupees Forty-Five Thousand Crore 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 ₹70,000 Crore (Rupees Seventy Thousand Crore only) by passing the resolution proposed under item no. 4 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 ₹70,000 Crore (Rupees Seventy Thousand Crore only), resolution under item no. 4 and 5 are proposed to be passed as Special resolutions.

In view of the aforesaid, the Board of Directors at its meeting held on April 18, 2024, 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 resolutions authorising the Board of Directors to borrow further sums of monies within an overall limit of ₹70,000 Crore (Rupees Seventy Thousand Crore only) outstanding at any given point of time and provide security to such loans by way of mortgage or creating charge on the assets of the Company up to ₹70,000 Crore (Rupees Seventy Thousand Crore only). The Board recommends passing of the special resolutions as set out under item nos. 4 and 5 of this Notice for approval of the Members.

None of the Promoters, 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 4 and 5.

Item No. 6:

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 18, 2024, 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. 6 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 ₹36,000 Crore (Rupees Thirty-Six Thousand Crore only) on private placement basis during a period of one year from the date of this Annual General Meeting.

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 Promoters, 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 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 18, 2024, 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 Crore (Rupees Seven Thousand Five Hundred Crore only).

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

None of the Promoters, 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 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 6% of Bipin Saraf, Managing Director & CEO w.e.f. April 01,2024.

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 Promoters, Directors except 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 8.

Item No. 9:

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 6% of Biju Pillai, Whole-Time Director (Deputy Managing Director) w.e.f. April 01, 2024.

The Board, accordingly, recommends the passing of the ordinary resolution as set out at item No. 9 of this Notice, for the approval of the Members.

None of the Promoters, 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 9.

Brief Profile of Amitabh Chaudhry 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	Amitabh Chaudhry
DIN	00531120
Age	59 years
Qualification and Expertise in specific functional areas	Amitabh Chaudhry, is an Engineer from Birla Institute of Technology and Science, Pilani and has done his Post Graduate in Business Management from IIM, Ahmedabad. He joined Axis Bank Limited as its MD & CEO on January 01, 2019, after successfully leading HDFC Standard Life Insurance Company Limited (HDFC Life), for over nine years. Under his leadership, HDFC Life emerged as the finest brand in the life insurance space and is one of India's largest private life insurers. Prior to HDFC Life, Amitabh Chaudhry was the Managing Director and CEO of Infosys BPO and the Head of testing unit of Infosys Technologies Ltd. He was instrumental in building the BPO right from its inception and was later credited for making it an extremely profitable business having presence across seven countries. He started his career with Bank of America in 1987 and played diverse roles such as Head of Technology Investment Banking for Asia, Regional Finance Head for Wholesale Banking and Global Markets, Chief Finance Officer of Bank of America (India) and Relationship Manager in Wholesale Banking for Mumbai and Delhi. He moved to Credit Lyonnais Securities in 2001as Head of Structured Finance practice and then also took over as the Head of Investment Banking franchise for South East Asia, before joining Infosys BPO in 2003.
Terms and conditions of re-appointment	Non-Executive Director
Details of remuneration sought to be paid	Not Applicable
Details of remuneration last drawn: (in Lakh) for FY 2023-24	Not Applicable
Date of first appointment on the Board	January 17, 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 2024	8
Other Directorships (excluding Axis Finance Limited)	a. Axis Bank Limited b. Axis Capital Limited c. Axis Asset Management Company Limited
Membership/Chairmanship of Committees of other Board	a. Chairman of Axis Bank Limited b. Chairman of Axis Asset Management Company Limited

Brief Profile of Managing Director & CEO having variation in the terms of remuneration

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	52 years
Qualification and Expertise in specific functional areas	He is a rank holder Chartered Accountant and Cost Accountant and holds a Bachelor's degree in Commerce. He has more than 28 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 & Financial Advisory Portfolio in the Eastern Zone with the primary responsibility of undertaking project advisory & 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 with Axis Finance Ltd as its MD & CEO post-acquisition of Enam Finance Private Limited as a wholly owned subsidiary of NBFC under Axis Bank. To his credit, Axis Finance Limited in the span of ten years has evolved as one of the growing NBFCs with a balance sheet size of above ₹23,000 Crore and a prime focus on Wholesale and Retail Lending with a consistent profitability track record.
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. 8
Details of remuneration last drawn: (in Lakh) for FY 2022–23	220
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 2024	8
Other Directorships (excluding Axis Finance Limited)	Nil
Membership/Chairmanship of Committees of other Board	Nil

Brief Profile of Whole–Time Director (Deputy Managing Director) having variation in the terms of remuneration

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	57 years
Qualification and Expertise in specific functional areas	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 25 years 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 & Distribution, Product and Policy Formulation, Underwriting & Collections, Marketing & 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 (15 years) and IDFC Bank (4 years). He has also been instrumental in launching new business lines such as Gold Loans, and Small Business Working Capital (EEG) during his stint at HDFC Bank. Mr. Pillai has a degree in Textile Engineering from M S University, Baroda, and is a postgraduate 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. 9
Details of remuneration last drawn: (in Lakh) for FY 2024	199
Date of first appointment on the Board	November 07, 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 2024	7
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 29th Annual General Meeting of the Company, to be held on the Wednesday, June 19, 2024 at 09:00 a.m. 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, 2024 together with the Reports of Directors' and Auditors' thereon.
2.	To appoint a director in place of Amitabh Chaudhry (DIN: 00531120), who retires by rotation and being eligible, offers himself for re-appointment
3.	To appoint M/s G. M. Kapadia & Co., Chartered Accountants, Mumbai, (Firm Registration Number 104767W), as the joint statutory auditors of the Company
Special Business:	
1.	To consider and approve increase in borrowing limits of the Company up to ₹70,000 Crore
2.	To consider and approve the increase in limits for creation of charge on the assets of the Company up to an amount of Rs. 70,000 Crore
3.	To consider and approve the issuance of Debentures/Bonds on a private placement basis up to ₹36,000 Crore
4.	To consider and approve the selling, assignment, securitisation under section 180(1)(a) of the Companies Act, 2013 up to ₹7,500 Crore
5.	To consider and approve revised remuneration payable to Bipin Saraf, Managing Director & CEO of the Company for FY 2024–25
6.	To consider and approve the revision in remuneration of Biju Pillai, Whole–Time Director (Deputy Managing Director) for FY 2024–25

Signed this ________________________________day of ______________ ___ 2024

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

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

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 29th Annual General Meeting of the Company, to be held on Wednesday, June 19, 2024 at 09:00 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:

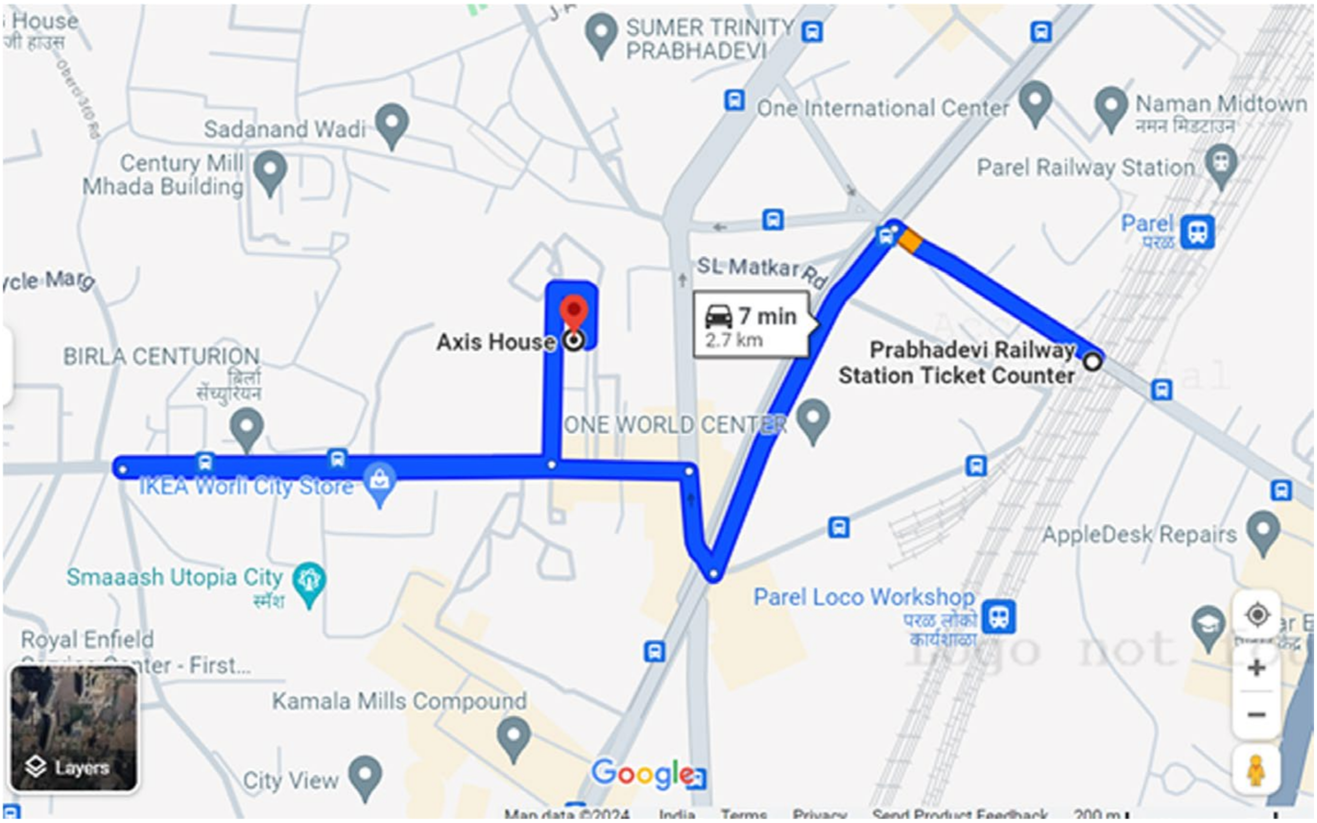
Signature of 2nd Holder:

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 19, 2024



Financial Statements

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 of Axis Finance Limited ("the Company"), which comprise the Balance sheet as at March 31, 2024, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements, including a summary of material accounting policies information 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 Ind AS 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, 2024, its profit including other comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing ("SAs") 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 Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Ind AS 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 Ind AS 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 Ind AS Financial Statements of the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	**Accuracy of recognition, measurement, presentation and disclosures of Impairment of Loans and Advances (Expected Credit Loss)**	
	Ind AS 109: Financial Instruments ("Ind AS 109") requires the Company to provide for impairment of its Loan & Advances and Investments ("Financial Instruments") using the Expected Credit Losses ("ECL") approach. ECL involves an estimation of probability-weighted loss on Financial Instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances and Investments. In the process, a significant degree of judgement has been applied by the management for: a) Defining qualitative/ quantitative thresholds for 'significant increase in credit risk' ("SICR") and 'default' 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.	**Our Audit Approach:** Our audit approach was a combination of test of internal controls and substantive procedures which included the following: a) Evaluating the Company's accounting policies, 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/models adopted by the Company including the key inputs and assumptions including 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.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
2	**Information Technology (IT) System 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 Ind AS Financial Statements.

Information Other than the Ind AS 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 Directors' Report but does not include the Ind AS Financial Statements and our auditors' report thereon.

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

   In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS 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 Ind AS Financial Statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, 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 Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the Ind AS Financial Statements

9. 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 Ind AS Financial Statements.

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

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

10.2 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.

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

10.4 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 Ind AS 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.

10.5 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.

11. 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.

12. 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.

13. 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 of the current year 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.

Report on Other Legal and Regulatory Requirements

14. 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.

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

15.1 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.

15.2 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 except for the matters stated in the paragraph 16.6 below on reporting under Rule 11(g).

15.3 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.

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

15.5 On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act.

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

15.7 In our opinion, the managerial remuneration for the year ended March 31, 2024 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.

16. 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:

16.1 The Company has disclosed the impact of pending litigations as at March 31, 2024 on its financial position in its Ind AS Financial Statements – Refer Note 34 to the Ind AS Financial Statements;

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

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

16.4 (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.

16.5 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.

16.6 Based on our examination which included test checks, the company has used various software for maintaining its books of account, which has the feature of recording audit trail (edit log) facilities and is operated throughout the year for all relevant transactions recorded in the respective software(s), except in the case of two applications. In the instance of Oracle, audit trail logs w.r.t. any modification in the masters related to banking details of vendor's were not enabled, however as represented by the management the same has been enabled post year end. Further, the company was using Credence Software for its Treasury operations, for the period April 01, 2023 to September 30, 2023, which we are made to understand, did not support for enablement of audit trail feature. The company has migrated its treasury operations to SAP w.e.f. October 01, 2023. Also, refer note 81 to the Ind AS financial statements.

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

Shweta Singhal
Partner
Membership No. 414420
UDIN: 24414420BKASKC8958
Place: Mumbai
Date: April 18, 2024

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

Aniruddha Joshi
Partner
Membership No: 040852
UDIN: 24040852BKCCCR9776
Place: Mumbai
Date: April 18, 2024

Annexure A

referred to in the paragraph 14 to the Independent Auditors' report of even date to the members of Axis Finance Limited as of and for the year ended March 31, 2024 under "the heading "Report on other Legal and Regulatory requirements

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

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

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

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

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable property 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(iii)(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, 2024 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, 2024 is as under:

No. of cases	Principal amount overdue[#] (₹ in Lakhs)	Interest overdue (₹ in Lakhs)	Total overdue (₹ in Lakhs)	Remarks (if any)
1,288	14,544.28	1,238.86	15,783.13	

[#]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 in contravention of provisions of 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, 2024 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, the 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, duty of customs, duty of excise, 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, duty of customs, duty of excise, cess and any other material statutory dues in arrears as at March 31, 2024, 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 statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	48,68,000	Assessment year 2012-13	Commissioner of Income Tax, Appeals
Income Tax Act, 1961	Income Tax	16,34,521	Assessment year 2016-17	Commissioner of Income Tax, Appeals
Income Tax Act, 1961	Income Tax	1,47,14,330	Assessment year 2016-17	Income Tax Appellate Tribunal (ITAT)
Income Tax Act, 1961	Income Tax	5,15,34,370	Assessment year 2017-18	Commissioner of Income Tax, Appeals
Income Tax Act, 1961	Income Tax	924,560	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 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 repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(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, or joint ventures. Accordingly, the provisions of the paragraph 3 (ix)(e) of the Order are not applicable to the Company.

(f) The Company does not have any subsidiaries, associates, or joint ventures. Accordingly, the provisions of the paragraph 3(ix)(f) of the Order are 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 15 instances of fraud on the Company by its customers amounting to ₹221.53 Lakhs as disclosed in Note no. 52 to the Ind AS 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 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 any non-cash transactions with its directors or persons connected with them as referred to in Section 192 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 paragraph 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 auditors during the year. Accordingly, the reporting under paragraph 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 (as disclosed in Ind-AS Financial Statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, 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 the 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 Act or special account in compliance with the provision of sub-section (6) of section 135 of the 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 the Act. This matter has been disclosed in Note 29 to the Ind AS 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: 24414420BKASKC8958
Place: Mumbai
Date: April 18, 2024

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

Aniruddha Joshi
Partner
Membership No: 040852
UDIN: 24040852BKCCCR9776
Place: Mumbai
Date: April 18, 2024

Annexure B

[Referred to in paragraph 15.6 under 'Report on other Legal and Regulatory Requirements' section of our report of even date]

Report on the Internal Financial Controls with reference to financial statements 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 Ind AS financial statements of Axis Finance Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the Ind AS 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, 2024 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 ('ICAI').

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS 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 financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to 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 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 financial statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial control with reference to 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: 24414420BKASKC8958
Place: Mumbai
Date: April 18, 2024

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

Aniruddha Joshi
Partner
Membership No: 040852
UDIN: 24040852BKCCCR9776
Place: Mumbai
Date: April 18, 2024

Balance Sheet

as at March 31, 2024

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

Particulars	Note	As at March 31, 2024	As at March 31, 2023
ASSETS			
Financial Assets			
Cash and cash equivalents	4	60,703.63	75,516.06
Receivables	5		
a) Trade Receivables		759.27	13.88
b) Other Receivables		-	-
Loans	6	30,35,677.49	22,00,624.96
Investments	7	1,54,816.28	90,932.59
Other financial assets	8	17,368.69	13,630.24
Sub-total-Financial Assets		**32,69,325.36**	**23,80,717.73**
Non-Financial Assets			
Current Tax Assets (net)	9	5,018.65	4,427.73
Deferred Tax Assets (net)	9	10,265.21	7,972.24
Property, plant and equipment	10	813.28	612.89
Intangible assets under development	11	102.45	13.44
Other Intangible Assets	11	1,391.92	1,375.47
Right-of-use assets		2,113.36	1,584.80
Other non-financial assets	12	1,178.75	983.37
Sub-total-Non-Financial Assets		**20,883.62**	**16,969.94**
Total - Assets		**32,90,208.98**	**23,97,687.67**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables	13		
i) Trade Payables			
a) total outstanding dues to micro and small enterprises		-	-
b) total outstanding dues of creditors other than micro and small enterprises		64.31	208.49
ii) Other Payables			
a) total outstanding dues to micro and small enterprises		274.38	269.47
b) total outstanding dues of creditors other than micro and small enterprises		4,491.89	3,381.30
Debt securities	14	12,09,649.26	7,96,355.45
Borrowings (Other than debt securities)	15	13,40,752.19	10,50,807.34
Subordinated Liabilities	16	2,43,907.32	1,53,020.77
Lease Liabilities		2,132.58	1,658.52
Other financial liabilities	17	75,848.97	70,668.81
Sub-total-Financial Liabilities		**28,77,120.90**	**20,76,370.15**
Non-Financial liabilities			
Current tax liabilities (net)	9	1,106.38	326.90
Provisions	18	3,713.90	2,928.78
Other non-financial liabilities	19	1,403.29	904.75
Sub-total-Non-Financial Liabilities		**6,223.57**	**4,160.43**
Total-liabilities		**28,83,344.47**	**20,80,530.58**
EQUITY			
Equity share capital	20	62,706.38	59,081.39
Other equity	21	3,44,158.13	2,58,075.70
Total - Equity		**4,06,864.51**	**3,17,157.09**
Total - Liabilities and Equity		**32,90,208.98**	**23,97,687.67**
Material accounting policy information 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 18, 2024

Aniruddha Joshi
Partner
Membership No.: 040852
Place of Signature: Mumbai
Date: April 18, 2024

Amith Iyer
Chief Financial Officer
CMA Membership No: 51849

Rajneesh Kumar
Company Secretary
Membership No: A31230
Place of Signature: Mumbai
Date: April 18, 2024

Statement of Profit and Loss

for the year ended March 31, 2024

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

Particulars	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from operations			
Interest Income	22	2,97,670.41	2,13,624.87
Fees and commission Income	23	5,036.32	4,325.83
Net gain on fair value changes	24	3,851.22	575.39
Net gain/(loss) on derecognition of financial instruments under amortised cost category		8,855.40	14,132.15
Total Revenue from operations		**3,15,413.35**	**2,32,658.24**
Other Income		-	-
Total income		**3,15,413.35**	**2,32,658.24**
Expenses			
Finance Costs	25	1,82,973.07	1,19,638.64
Impairment on financial instruments	26	15,023.33	6,534.16
Employee benefits expenses	27	24,518.13	19,250.00
Depreciation, amortisation and impairment	28	2,039.40	1,556.74
Others expenses	29	11,404.48	8,336.99
Total expenses		**2,35,958.41**	**1,55,316.53**
Profit before exceptional items and tax		**79,454.94**	**77,341.71**
Exceptional Items		-	-
Profit before taxes		**79,454.94**	**77,341.71**
Tax expenses			
- Current Tax		21,994.68	18,638.61
- Deferred Tax		(2,259.81)	792.95
Profit for the year		**59,720.07**	**57,910.15**
Other Comprehensive Income			
(A) Items that will not be reclassified to profit and loss			
- Re-measurements of net defined benefit plans		(131.73)	190.84
- Income tax impact		(33.15)	48.03
Sub-total (A)		**(98.58)**	**142.81**
(B) Items that will be reclassified to profit and loss			
- Fair value changes on derivative designated as cash flow hedge		-	(6.39)
- Income tax impact		-	(1.61)
Sub-total (B)		**-**	**(4.78)**
Other Comprehensive Income/(Loss) (A+B)		**(98.58)**	**138.03**
Total Comprehensive Income for the year		**59,621.49**	**58,048.18**
Paid-up Equity share capital (Face Value of ₹10 each)		**62,706.38**	**59,081.39**
Earning per equity share			
Basic (₹)	35	9.93	10.12
Diluted (₹)	35	9.93	10.12
Material accounting policy information 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 18, 2024

Aniruddha Joshi
Partner
Membership No.: 040852
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Amith Iyer
Chief Financial Officer
CMA Membership No: 51849

Rajneesh Kumar
Company Secretary
Membership No: A31230
Place of Signature: Mumbai
Date: April 18, 2024

Statement of Cash Flows

for the year ended March 31, 2024

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A. Cash flow from operating activities		
Profit before tax	**79,454.94**	**77,341.71**
Adjustments for:		
Depreciation, amortisation and impairment (other than right-of-use assets)	953.86	767.60
Depreciation on right-of-use assets	1,085.54	787.09
Net gain on fair value changes	(3,851.22)	(575.39)
Net gain/(loss) on derecognition of financial instruments under amortised cost category	8,954.67	12,174.33
Impairment on financial instruments	15,023.33	6,534.16
Profit on sale of Property, Plant and Equipment	(5.19)	-
Loss on write off of Property, Plant and Equipment	0.86	-
Employee Stock Option	-	59.54
Interest on Lease deposit	(54.04)	(35.95)
Provision for expenses	1,115.49	1,761.10
Provision for Employee Benefit expense	785.05	942.30
Interest income from investments (at amortised cost)	(7,897.53)	(5,978.96)
Interest income from investments (FVTPL)	(1,887.54)	(1,658.67)
Operating profit before working capital changes	**93,678.22**	**92,118.86**
Movement in working capital:		
Decrease/(increase) in Bank Deposits	-	183.13
Decrease/(increase) in Derivative financial instruments	-	407.28
Decrease/(increase) in Trade Receivables	(745.39)	588.09
Decrease/(increase) in Loans	(8,49,883.68)	(5,98,786.69)
Decrease/(increase) in Other financial assets	(12,639.08)	(24,693.16)
Decrease/(increase) in Right-of-use assets	(1,614.10)	85.25
Decrease/(increase) in Other non-financial assets	(195.39)	54.23
(Decrease)/increase in Lease Liabilities	1,447.55	(243.19)
(Decrease)/increase in Trade Payables	(337.27)	680.95
(Decrease)/increase in Other financial liabilities	6,488.75	42,926.13
(Decrease)/increase in Provisions	(1,247.15)	(1,570.27)
(Decrease)/increase in Other non-financial liabilities	498.60	(65.80)
Cash generated from operations	**(7,64,548.93)**	**(4,88,315.19)**
Income tax paid	(21,806.12)	(21,896.67)
Net cash flow from operating activities (A)	**(7,86,355.05)**	**(5,10,211.86)**
B. Cash flow from investing activities		
Interest income from investments (at amortised cost)	7,607.01	8,117.62
Interest income from investments (FVTPL)	1,899.45	1,609.26
Purchase for Intangibles	(748.89)	(384.99)
Sale of Property, Plant and Equipment	34.54	-
Sale of Intangibles	-	18.00
Purchase of Property, plant and equipment	(541.09)	(415.48)
Sale of investment at Amortised Cost	98,193.17	20,791.00
Purchase of investment at Amortised Cost	(1,59,689.58)	(38,329.83)
Proceeds from sale of investment at FVTPL	3,05,798.83	2,91,295.57
Purchase of investment at FVTPL	(3,04,248.47)	(2,97,342.14)
Net cash flow from investing activities(B)	**(51,695.03)**	**(14,640.99)**
C. Cash flow from financing activities		
Increase/(decrease) in Debt securities	4,13,293.82	(28,857.75)
Increase/(decrease) in Borrowings (Other than debt securities)	2,89,944.85	5,01,350.75
Increase/(decrease) in Subordinated Liabilities	90,886.55	54,064.61
Proceeds from issue of Equity Shares (net of share issue expenses)	30,085.92	39,936.62
Payment towards Lease Liability	(973.49)	(710.84)

Statement of Cash Flows

for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Net cash flow from financing activities(C)	**8,23,237.65**	**5,65,783.39**
Net increase/(decrease) in cash and equivalents(A+B+C)	**(14,812.43)**	**40,930.53**
Cash and cash equivalents at the beginning of the year	**75,516.06**	**34,585.53**
Cash and cash equivalents at the end of the year	**60,703.63**	**75,516.06**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash	-	-
Balance with banks	60,703.63	45,536.59
Investment in highly liquid securities	-	29,979.47
	60,703.63	**75,516.06**

Additional disclosure pursuant to IND AS 7

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening balance of Debt Securities, borrowings (other than debt securities) and subordinated liabilities including interest accrued	**20,00,183.56**	**14,73,626.02**
Cash flows (net)*	7,94,125.21	5,26,557.54
Closing balance of Debt Securities, borrowings (other than debt securities) and subordinated liabilities	**27,94,308.77**	**20,00,183.56**

*Cash flows (net) includes cash flows and accruals

1. The movement in lease liabilities have been disclosed in Note : 39

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

Operational cash flows from interest	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest paid	1,76,330.50	1,21,778.02
Interest received	3,09,706.96	2,06,538.73

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

4. 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 year.

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

Shweta Singhal
Partner
Membership No.: 414420
Place of Signature: Mumbai
Date: April 18, 2024

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

Aniruddha Joshi
Partner
Membership No.: 040852
Place of Signature: Mumbai
Date: April 18, 2024

Amitabh Chaudhry
Chairman
DIN No: 00531120

Bipin Kumar Saraf
Managing Director
DIN No: 06416744

Amith Iyer
Chief Financial Officer
CMA Membership No: 51849

Rajneesh Kumar
Company Secretary
Membership No: A31230
Place of Signature: Mumbai
Date: April 18, 2024

Statement of Changes in Equity

for the year ended March 31, 2024
(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, 2023	53,851.25	-	-	5,230.14	**59,081.39**
As at March 31, 2024	59,081.39	-	-	3,624.99	62,706.38

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 01, 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)
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**
Profit for the year (a)	-	-	59,720.07	-	-			59,720.07
Items that will not be reclassified to profit and loss (b)	-	-		-	-	(98.58)	-	(98.58)
Total Comprehensive Income for the year (a+b+c)	-	-	59,720.07	-	-	(98.58)	-	59,621.49
Securities Premium received on issue of shares	-	26,462.44	-	-	-	-	-	26,462.44
Utilisation during the year against share issue expense	-	(1.50)	-	-	-	-	-	(1.50)
Transfer to/from retained earnings	11,945.00	-	(11,945.00)	-	-	-	-	-
Employee Stock Option	-	-	-	-	-	-	-	-
Balance as at March 31, 2024	55,512.00	1,23,703.06	1,63,694.60	33.04	1,209.85	5.58	-	3,44,158.13

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
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Chief Financial Officer
CMA Membership No: 51849

Rajneesh Kumar
Company Secretary
Membership No: A31230
Place of Signature: Mumbai
Date: April 18, 2024

Notes

forming part of financial statement for the year ended March 31, 2024
(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.

2.1. Statement of Compliance, Basis of Preparation and Presentation of the Financial Statements

(i) Statement of Compliance

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. In addition, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied.

These Financial Statements for the year ended March 31, 2024 have been reviewed by the Audit Committee at it's meeting held on April 17, 2024 and were authorised for issue by the Board of Directors of the Company at it's meeting held on April 18, 2024.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

During the year 2023 – 24, the Company has adopted the amendments to Ind AS 1 notified vide MCA notification dated March 31, 2023, with respect to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. Accounting policies which summarise the requirements of Ind ASs and do not include any entity specific information, do not represent material accounting policy information hence not disclosed.

Material accounting policy information has been identified based on the following criteria provided under Ind AS 1:

(a) The entity changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements; or

(b) The entity chose the accounting policy from one or more options permitted by Ind AS(s); or

(c) The accounting policy was developed in accordance with Ind AS 8 in the absence of an Ind AS that specifically applies; or

(d) The accounting policy relates to an area for which an entity is required to make significant judgements or assumptions in applying an accounting policy, and the entity discloses those judgements or assumptions in accordance with para 122 and 125; or

(e) The accounting required for them is complex and users of the entity's financial statements would otherwise not understand those material transactions, other events or conditions – such a situation could arise if an entity applies more than one Ind AS to a class of material transactions.

(ii) Basis of Preparation

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.

(iii) 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. Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes to these financial statements.

(iv) Presentation and Disclosures of the 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.

An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 32.

2.2 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 at appropriate sections.

3. Material accounting policy information

3.1 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.

i. 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

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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).

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets regarded as 'Stage 3, basis the past experience the Company believes that interest amount is not recoverable from the credit impaired assets. Hence the Company has opted to recognise the same at the time of actual recovery, if any. If financial asset is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis. Delayed payment interest (penal interest and the like) levied on customers for delay in repayments/ non-payment of contractual cashflows is recognised on realisation.

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).

ii. 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.

iii. 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.

iv. 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.

v. 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.

vi. 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.

vii. Other Operating Income

The Company recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established.

i. 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.

ii. Employee Benefits

(A) Short-term employee benefits

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

The Company 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.

(B) Defined Contribution Plan

Retirement benefits in the form of provident fund is a defined contribution scheme. The Company is statutorily required to contribute a specified portion of the basic salary of an employee to a provident fund as part of retirement benefits to its employees. The contributions are charged to the Statement of profit and loss of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the provident fund.

(C) Defined Benefit Plan

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

In respect of Gratuity being post-retirement benefits, 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.

(D) Share based payments Transactions

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.

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However, for the options granted post FY 2020 (with effect from July 01, 2021), the share of the company's capital contribution reimbursed to the Bank is recorded as an expense in the Statement of Profit and Loss under Share based payments to employees in Employee benefits expenses.

3.2 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.

3.3 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.

3.3.1 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.

3.3.2 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)

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.

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.

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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)

3.3.3 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.

Undrawn loan commitments are not recorded in the balance sheet. However, these financial instruments are in the scope of expected credit loss (‘ECL’) calculation

3.3.4 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.

3.3.5 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.

3.3.6 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 60 days past due and 61 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.

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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.

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.

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%.

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.

3.3.7 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 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

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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.

3.4 Taxes

Current income Tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act 1961. The tax rates and tax laws used to compute the Income tax are those enacted or substantively enacted at the reporting date.

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

Deferred Tax

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

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

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

Deferred tax assets are 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.

3.5 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.

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

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

3.6 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.

3.7 Impairment of Assets

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

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.8 Provisions, Contingent liabilities and Contingent Assets

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.

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.

3.9 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.

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 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, 2024
(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.

3.11 Fair Value Measurement

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

Notes

forming part of financial statement for the year ended March 31, 2024
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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 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.

3.12 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.

3.13 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 year.

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.

3.14 Events after the reporting period

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

Adjusting Events

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

Non-adjusting Events

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

3.15 Segment Reporting

Operating business segment results are reviewed regularly by the Company's Chief Operating Decision Maker ("CODM") 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.

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

3.16 Significant accounting judgments, estimates and assumptions

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

Judgments

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

a) **Business model assessment**

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

b) **Fair Value of Financial instruments**

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

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

The Company's EIR methodology, recognises interest income/expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given/taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

d) **Impairment of financial asset**

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses 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.

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.

Notes

forming part of financial statement for the year ended March 31, 2024
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4 Cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	-	-
Balances with banks	60,703.63	45,536.59
Investment in highly liquid securities	-	29,979.47
(a) In current accounts	-	-
(b) In overdraft account	-	-
(c) Fixed Deposits		-
Total	**60,703.63**	**75,516.06**

5 Receivables

Particulars	As at March 31, 2024	As at March 31, 2023
a) Trade Receivables considered good – Unsecured		
- Related parties	-	-
- Others	759.27	13.88
b) Other Receivables considered good – Unsecured	-	-
c) Receivables which have significant increase in Credit Risk	-	-
d) Receivables - credit impaired	-	-
Total Receivables	759.27	13.88
Less: Impairment loss allowance	-	-
Total	**759.27**	**13.88**

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.

Notes

forming part of financial statement for the year ended March 31, 2024
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5a Receivables ageing as at March 31, 2024

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	759.27	-	-	-	-	**759.27**
(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, 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	-	-	-	-	-	-

[#]The ageing of the receivable is determined from the date of the transaction

6 Loans

Particulars	As at March 31, 2024	As at March 31, 2023
(A) Loans		
(1) Term Loans at amortised cost	30,72,511.21	22,30,460.05
(2) Loans repayable on demand at amortised cost	-	-
	30,72,511.21	22,30,460.05
Less: Impairment loss allowance	(36,833.72)	(29,835.09)
Total	**30,35,677.49**	**22,00,624.96**
(B) Out of above		
(i) Loans in India		
Loans to Public Sector	-	-
Loans to Others	30,72,511.21	22,30,460.05
	30,72,511.21	22,30,460.05
Less: Impairment loss allowance	(36,833.72)	(29,835.09)
Total	**30,35,677.49**	**22,00,624.96**
(ii) Loans outside India	-	-
Total (i+ii)	**30,35,677.49**	**22,00,624.96**

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	As at March 31, 2024	As at March 31, 2023
(C) Out of above		
1) Secured by tangible assets	24,82,760.93	17,96,377.78
2) Covered by Bank/Government Guarantees	25,183.15	38,603.06
3) Unsecured	5,64,567.13	3,95,479.21
Total Loans	**30,72,511.21**	**22,30,460.05**
Less: Impairment loss allowance	(36,833.72)	(29,835.09)
Total	**30,35,677.49**	**22,00,624.96**

Notes:-

1) Loans to the extent of ₹ in Lakhs 25,07,944.08 (March 31, 2023: 18,34,980.84) 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 & 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, 2024 (March 31, 2023: 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, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

7 Investments

Particulars	As at March 31, 2024		
	Amortised Cost	At Fair value through Profit & Loss Account	Total
	1	2	(3=1+2)
Held for Trading Investments (In India)			
Quoted			
Investment in Government Securities	-	4,063.22	4,063.22
Investment in Other Securities	-	5,348.59	5,348.59
Held till Maturity Investments (In India)			
Quoted			
Investment in Government Securities	57,851.42	-	57,851.42
Investment in Debt Securities	37,963.76	-	37,963.76
Unquoted			
Investment in Debt Securities	49,955.97		49,955.97
Total – Gross (A)	**1,45,771.15**	**9,411.81**	**1,55,182.96**
Less: Impairment loss allowance (B)	(366.68)	-	(366.68)
Total – Net (A-B)	**1,45,404.47**	**9,411.81**	**1,54,816.28**

1) There are no investment measured at FVOCI or designated at FVOCI.

2) There are no investment outside India.

3) Impairment loss allowance is created on Debt Securities

Particulars	As at March 31, 2023		
	Amortised Cost	At Fair value through Profit & 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 Short Term 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 are no investment measured at FVOCI or designated at FVOCI.

2) There are no investment outside India

3) Impairment loss allowance is created on Debt Securities

Notes

forming part of financial statement for the year ended March 31, 2024
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8 Other financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
Security Deposits*	990.62	885.71
Excess Interest Spread	15,661.98	12,071.03
Other Assets	716.09	673.50
Total	**17,368.69**	**13,630.24**

*Security Deposits are shown at Amortised Cost

9 Deferred tax & Income Tax:

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

Deferred Tax Asset/(Liability)	As at March 31, 2024	As at March 31, 2023
Unamortised Processing Fees on loans	961.92	634.58
Lease and Deposit Fair Value	43.15	26.06
Expected Credit Loss	9,270.29	7,508.87
Unamortised Processing Fees on Term Loan borrowings	1.32	0.91
Others	68.44	95.46
Depreciation	(72.54)	(115.49)
EIR Adjustment on Interest income	-	(0.16)
Unamortised Processing Fees on NCD borrowings	(7.37)	(177.99)
Total	**10,265.21**	**7,972.24**

Movement of Deferred Tax Assets/(Liability)

For the year ended March 31, 2024

Deferred taxes in relation to	Deferred Tax Asset/(Liability) as on April 01, 2023	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	Recognised directly in equity	Total movement	Deferred Tax Asset/(Liability) as on March 31, 2024
Deferred tax assets						
Unamortised Processing Fees on loans	634.58	327.34	-	-	327.34	961.92
Lease and Deposit Fair Value	26.06	17.09	-	-	17.09	43.15
Expected Credit Loss	7,508.87	1,761.42	-	-	1,761.42	9,270.29
Unamortised Processing Fees on Term Loan borrowings	0.91	0.41	-	-	0.41	1.32
Others	95.46	(27.02)	-	-	(27.02)	68.44
Deferred tax liabilities						
Depreciation	(115.49)	42.95	-	-	42.95	(72.54)
EIR Adjustment on Interest income	(0.16)	0.16	-	-	0.16	-
Unamortised Processing Fees on NCD borrowings	(177.99)	170.62	-	-	170.62	(7.37)
	7,972.24	**2,292.97**	**-**	**-**	**2,292.97**	**10,265.21**

Notes

forming part of financial statement for the year ended March 31, 2024
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For the year ended March 31, 2023

Deferred taxes in relation to	Deferred Tax Asset/(Liability) as on April 01, 2022	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	Recognised directly in equity	Total movement	Deferred Tax Asset/(Liability) as on March 31, 2023
Deferred tax assets						
Unamortised Processing Fees on loans	2,069.11	(1,434.53)	-	-	(1,434.53)	634.58
Lease and Deposit Fair Value	46.52	(20.46)	-	-	(20.46)	26.06
Expected Credit Loss	7,040.99	467.88	-	-	467.88	7,508.87
Unamortised Processing Fees on Term Loan borrowings	-	0.91	-	-	0.91	0.91
Others	61.41	34.05	-	-	34.05	95.46
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)
Unamortised Processing Fees on NCD borrowings	(267.64)	89.65	-	-	89.65	(177.99)
	8,811.62	**(839.38)**	-	-	**(839.38)**	**7,972.24**

The components of income tax expense are as under	For the year ended March 31, 2024	For the year ended March 31, 2023
Current Tax	21,994.68	18,638.61
Adjustment in respect of current income tax of prior years	-	-
Deferred tax relating to origination and reversal of temporary differences	(2,259.81)	792.95
Total tax charge	**19,734.87**	**19,431.56**
Current Tax	21,994.68	18,638.61
Deferred tax	(2,259.81)	792.95

Income Tax recognised in Other comprehensive income	For the year ended March 31, 2024	For the year ended March 31, 2023
Income tax relating to items that will not be reclassified to profit or loss	(33.15)	48.03
Income tax relating to items that will be reclassified to profit or loss	-	(1.61)
Total income tax recognised in other comprehensive income (debit)	(33.15)	46.42

Current Tax Assets (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Current Tax Assets (net of provision for income tax)	5,018.65	4,427.73

Current tax liabilities (net)

Particulars	As at March 31, 2024	As at March 31, 2023
Current tax liabilities (net of advance income tax)	1,106.38	326.90

Notes

forming part of financial statement for the year ended March 31, 2024
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The reconciliation of estimated income tax expense at tax rate to income tax expense reported in profit or loss is as follows:

The components of income tax expense are as under	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit before tax	79,454.94	77,341.71
Applicable income tax rate (%)	25.17	25.17
Income tax expense calculated at applicable income tax rate	19,997.22	19,465.37
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:-		
1) tax on capital gains	(229.87)	(35.49)
2) Others	(32.48)	1.67
Income tax expense recognised in profit and loss	19,734.87	19,431.55
Effective tax rate for the period	24.84%	25.12%

10 Property, Plant and Equipment (PPE)

Particulars	Computers	Office equipment	Furniture & fixtures	Leasehold Improvements	Vehicles	Land and Building	Total
Cost:							
As at April 01, 2022	**646.35**	**45.02**	**74.12**	**-**	**68.23**	**4.50**	**838.22**
Additions	107.88	23.52	12.92	31.50	239.67	-	415.49
Disposals	-	-	-		-	-	-
As at March 31, 2023	**754.23**	**68.54**	**87.04**	**31.50**	**307.90**	**4.50**	**1,253.71**
Additions	212.67	16.78	42.25	-	269.39	-	541.09
Disposals	(20.00)	-	-	-	(46.97)	-	(66.97)
As at March 31, 2024	**946.90**	**85.32**	**129.29**	**31.50**	**530.32**	**4.50**	**1,727.83**
Depreciation and impairment:							
As at April 01, 2022	**389.15**	**14.45**	**6.78**	**-**	**13.15**	**0.58**	**424.11**
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	**538.70**	**25.25**	**14.85**	**0.53**	**60.83**	**0.66**	**640.82**
Disposals	(19.03)	-	-	-	(17.66)	-	(36.69)
Depreciation charge for the year	164.86	14.43	9.68	3.50	117.87	0.08	310.42
As at March 31, 2024	**684.53**	**39.68**	**24.53**	**4.03**	**161.04**	**0.74**	**914.55**
Net book value:							
As at March 31, 2023	**215.53**	**43.29**	**72.19**	**30.97**	**247.07**	**3.84**	**612.89**
As at March 31, 2024	**262.37**	**45.64**	**104.76**	**27.47**	**369.28**	**3.76**	**813.28**

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.

Notes

forming part of financial statement for the year ended March 31, 2024
(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 01, 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**
Additions	659.88	659.88
Disposals	-	-
As at March 31, 2024	**3,781.96**	**3,781.96**
Accumulative amortisation and impairment:		
As at April 01, 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**
Disposals	-	-
Amortisation charge for the year	643.43	643.43
As at March 31, 2024	**2,390.04**	**2,390.04**
Net book value Softwares:		
As at March 31, 2023	**1,375.47**	**1,375.47**
As at March 31, 2024	**1,391.92**	**1,391.92**
Intangible assets under development		
As at March 31, 2023	**13.44**	**13.44**
As at March 31, 2024	**102.45**	**102.45**
Other Intangible assets		
As at March 31, 2023	**1,388.91**	**1,388.91**
As at March 31, 2024	**1,494.37**	**1,494.37**

1) The Company has not revalued any of its Intangible assets during the year.

11a Capital-Work-in Progress (CWIP) and Intangible assets under development ageing as at March 31, 2024

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	98.96	3.49	-	-	102.45
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 - PENNANT-LOS IMPLEMENTA	61.00	-	-	-
Project 2 - ICRA Risk Rating	22.80	-	-	-
Project 3 - others	-	18.65	-	-

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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	-	-	-

12 Other non-financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
Prepaid expenses	1,129.37	894.94
Balances with government authorities		
- GST Input tax credit	49.38	88.43
Defined Benefit Asset		
- Gratuity	-	-
Total	**1,178.75**	**983.37**

13 Payables

Particulars	As at March 31, 2024	As at March 31, 2023
i) Trade Payables		
a) total outstanding dues to micro and small enterprises	-	-
b) total outstanding dues of creditors other than micro and small enterprises		
- Due to Related parties	1.31	112.76
- Due to others	63.00	95.73
ii) Other Payables		
a) total outstanding dues to micro and small enterprises	274.38	269.47
b) total outstanding dues of creditors other than micro and small enterprises	4,491.89	3,381.30
Total	**4,830.58**	**3,859.26**

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

13a Trade Payables ageing as at March 31, 2024

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	274.38	-	-	-	274.38
(ii) Others	4,556.20	-	-	-	4,556.20
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

1) Includes unbilled amount of ₹4,766.27 Lakhs

2) The ageing of Trade Payables is determined from the date of the transaction

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

2) The ageing of Trade Payables is determined from the date of the transaction

14 Debt Securities

Particulars	As at March 31, 2024	As at March 31, 2023
At Amortised Cost (In India)		
Secured		
Non Convertible Debentures (NCD)	10,18,797.39	7,08,698.37
Unsecured		
Commercial paper	1,97,000.00	93,000.00
Less: Unamortised Discounting Charges	(6,148.13)	(5,342.92)
Total	**12,09,649.26**	**7,96,355.45**

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 @ 7.95% to 8.73%. Unsecured commercial paper carry interest @ 7.05% to 8.56%. In respect of commercial paper, maximum amount outstanding during the year was ₹ in Lakhs 2,85,054.40 (March 31, 2023: 22,223.81).

3) There are no redeemed debentures which the Company has 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, 2024
NCD maturing after one year	1,00,000	1.0x to 1.10x	0% to 8.35%	526200	5,38,914.74
NCD maturing within one year	10,00,000	1.0x to 1.10x	0 % to 8.30%	21650	2,25,220.44
NCD maturing after one year	10,00,000	1.0x to 1.10x	0 % to 7.70%	24490	2,54,662.21
				572340	**10,18,797.39**

Particulars	Face Value	Asset Cover	ROI	Qty	As at March 31, 2023
NCD maturing after one year	1,00,000	1.0x to 1.10x	8.07% to 8.35%	64800	65,045.97
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
				129190	**7,08,698.37**

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars of Commercial Paper

Maturity date	Face Value	Qty	As at March 31, 2024
CP maturing within one year	5,00,000	39,400	1,97,000.00
		39,400	**1,97,000.00**

Maturity date	Face Value	Qty	As at March 31, 2023
CP maturing within one year	5,00,000	18,600	93,000.00
		18,600	**93,000.00**

15 Borrowings (Other than debt securities)

Particulars	As at March 31, 2024	As at March 31, 2023
At Amortised Cost (In India)		
Secured		
Loan from related party	81,779.85	70,495.00
Loan from other Banks	12,51,246.07	9,66,455.49
Foreign currency term loan from bank	7,726.27	13,856.85
Total	**13,40,752.19**	**10,50,807.34**

Secured

1. Term Loan amounting to ₹ in Lakhs 13,40,752.19, (March 31, 2023: 10,50,807.34) 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 @ 7.50% to 9.00%.
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

Repayment	As at March 31, 2024	As at March 31, 2023
Loans maturing within one year	68,562.04	2,39,005.94
Loans maturing after one year	12,72,190.15	8,11,801.40
	13,40,752.19	**10,50,807.34**

16 Subordinated Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
At Amortised Cost (In India)		
Unsecured		
Subordinated debt (Non-convertible debentures)	2,43,907.32	1,53,020.77
Total	**2,43,907.32**	**1,53,020.77**

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

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	Face Value	ROI	Qty	As at March 31, 2024
NCD maturing after one year	1,00,000	8.28% to 8.38%	82500	83,921.06
NCD maturing after one year	10,00,000	7.40% to 8.80%	6700	70,764.22
NCD maturing after one year	1,00,00,000	7.42% to 9.73%	865	89,222.04
			90065	2,43,907.32

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

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

17 Other financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Advances from customers	3,492.37	7,477.48
Other financial liabilities*	72,356.60	63,191.33
Total	**75,848.97**	**70,668.81**

(*This also includes book overdraft, unapportioned credits pertaining to loans, assignee payable, etc.)

18 Provisions

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
- Provision for gratuity	105.83	126.78
- Employee benefit payable (performance bonus, incentive/statutory bonus)	3,608.07	2,802.00
Total	**3,713.90**	**2,928.78**

19 Other non-financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Undisputed statutory dues	1,403.29	904.75
Total	**1,403.29**	**904.75**

20 Equity share capital

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised Share Capital		
1,00,00,00,000 (March 31, 2023: 1,00,00,00,000) equity shares of ₹10/- each	1,00,000.00	1,00,000.00
	1,00,000.00	1,00,000.00
Issued, subscribed and fully paid-up:		
62,70,63,775 (March 31, 2023: 59,08,13,886) equity shares of ₹10/- each	62,706.38	59,081.39
	62,706.38	59,081.39

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	59,08,13,886	53,85,12,500
Issued during the year	3,62,49,889	5,23,01,386
Reductions during the year	-	-
Balance at the end of the year	**62,70,63,775**	**59,08,13,886**

During the year ended March 31, 2024 the Company has issued equity shares to existing shareholders on rights issue in two tranches:-

1) 1,81,78,889 equity shares of ₹10 each at premium of ₹73 each amounting to ₹15,088.48 Lakhs in the month of November 2023.

2) 1,80,71,000 equity shares of ₹10 each at premium of ₹73 each amounting to ₹14,998.93 Lakhs in the month of December 2023.

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.

(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, 2024	As at March 31, 2023
Axis Bank Limited (the holding Company) and its Nominees		
62,70,63,775 (March 31, 2023: 59,08,13,886) equity shares of ₹10/- each	62,706.38	59,081.39

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

Particulars	% of Holding	% of Holding
Equity shares of ₹10 each fully paid		
Axis Bank Limited (the holding Company) and its Nominees	100%	100%

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

f) Shareholding of Promoters as at March 31, 2024 as under:

S. No	Promoter name	Shares held by promoters as at March 31, 2024		
		No. of Shares	%of total shares	% Change during the year
1	Axis Bank Limited	62,70,63,775	100%	No change in shareholding

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

(g) The Board of directors has not recommended any dividend to shareholders for the year ended March 31, 2024 (March 31, 2023: NIL).

21 Other equity

Particulars	As at March 31, 2024	As at March 31, 2023
Securities Premium		
Balance at the beginning of the year	97,242.12	62,535.64
Add:- Addition during the year	26,462.44	34,713.04
Less:- Utilisation during the year against share issue expense	(1.50)	(6.56)
Balance at the end of the year	**1,23,703.06**	**97,242.12**
Statutory Reserve u/s 45-IC of the RBI Act, 1934		
Balance at the beginning of the year	43,567.00	31,984.00
Add:- Addition during the year	11,945.00	11,583.00
Balance at the end of the year	**55,512.00**	**43,567.00**
Deemed Capital Contribution		
Balance at the beginning of the year	1,209.85	1,150.31
Add:- Addition during the year	-	59.54
Balance at the end of the year	**1,209.85**	**1,209.85**
Retained Earnings		
Balance at the beginning of the year	1,15,919.53	69,592.38
Total Comprehensive income for the year	59,720.07	57,910.15
Less:- Final Dividend	-	-
Less:- Dividend distribution tax on final dividend	-	-
Less:- Transfer to statutory reserve	(11,945.00)	(11,583.00)
Balance at the end of the year	**1,63,694.60**	**1,15,919.53**
Other Comprehensive Income (OCI)		
Remeasurement of Post Employment Benefit		
Balance at the beginning of the year	104.16	(38.65)
Add:- Addition during the year	(98.58)	142.81
Balance at the end of the year	**5.58**	**104.16**
Cash Flow Hedge Reserve		
Balance at the beginning of the year	-	4.78
Add:- Addition during the year	-	(4.78)
Balance at the end of the year	**-**	**-**
Other Comprehensive Income (OCI)	**5.58**	**104.16**
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	**3,44,158.13**	**2,58,075.70**

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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.

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 01, 2021, the Company has changed accounting for ESOPs granted by Axis Bank Limited (the "Holding Company") to selected 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 ₹1,308.60 (in Lakhs) during year ended March 31, 2024 (March 31, 2023 : ₹860.15 (in Lakhs).

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 undistributed accumulated earnings of the Company as on Balance Sheet date.

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.

22 Interest Income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on Loans (at amortised cost)	2,87,469.49	2,05,768.31
Interest income from investments (at amortised cost)	7,897.53	5,978.96
Interest income from investments (FVTPL)	1,887.54	1,658.67
Interest on Fixed Deposits with Banks	361.81	182.97
Interest on Lease Deposits	54.04	35.96
Total	**2,97,670.41**	**2,13,624.87**

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

23 Fees and commission Income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cheque/NACH Bouncing Charges	198.86	142.88
Pre/Part payment Charges	393.10	149.96
Foreclosure Charges	2,994.08	1,223.48
Miscellaneous fees	106.50	2,129.83
Others	1,343.79	679.68
Total	**5,036.32**	**4,325.83**

24 Net gain on fair value changes

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
On trading portfolio		
Net gain on fair value changes (Realised)	3,342.98	562.45
Net gain on fair value changes (Unrealised)	508.24	12.94
Total	**3,851.22**	**575.39**

25 Finance Costs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expenses on financial liabilities measured at amortised cost		
Interest on borrowings	1,00,168.81	55,898.39
Interest on debt securities	51,682.14	46,741.61
Amortisation of discount on commercial paper	15,056.09	5,235.70
Interest on subordinated liabilities	14,354.53	9,319.37
Interest on lease liabilities	160.89	113.29
Other Finance expense	1,550.61	2,158.25
Interest On Income Tax	-	172.03
Total	**1,82,973.07**	**1,19,638.64**

26 Impairment on financial instruments

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Impairment on financial instruments at amortised cost		
Loans*	14,831.15	6,471.37
Investments	192.18	62.79
Total	**15,023.33**	**6,534.16**

*Note: It includes loan written off during the period amounting to ₹7,832.53 Lakhs (Previous year: ₹4,612.28 Lakhs).

27 Employee Benefits Expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries and wages	22,083.80	17,259.24
Share based payments to employees	1,308.60	919.69
Contribution to provident and other funds	693.05	535.83
Gratuity expenses	128.38	316.80
Staff welfare expenses	304.30	218.44
Total	**24,518.13**	**19,250.00**

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

28 Depreciation, amortisation and impairment

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Property, plant and equipment	310.44	216.71
Other Intangible assets	643.42	552.94
Right-of-use assets	1,085.54	787.09
Total	**2,039.40**	**1,556.74**

29 Other expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Rent, Rates and Taxes	314.16	263.79
Electricity expenses	167.02	138.71
Repairs and maintenance - others	492.17	350.70
Printing and stationery	108.06	71.97
Travelling and conveyance	902.19	560.70
Professional fees	1,924.45	1,999.71
CSR expenditure*	999.76	644.53
Director sitting fees	188.00	124.00
Auditors Remuneration**	90.00	84.10
Telephone and internet expenses	254.51	112.01
Business promotion	27.43	21.62
Rates & taxes	15.20	9.67
Royalty charges	460.19	348.52
Service charges	424.88	298.00
Office expenses	240.21	247.30
GST Expense out (50% of input credit)	2,664.23	1,891.20
Subscription Exps	415.04	339.65
Collection agency payout	547.44	230.66
Waiver Write off charges	490.97	47.48
Insurance expenses	2.79	15.66
Miscellaneous expenses	675.78	537.01
Total	**11,404.48**	**8,336.99**

*** Corporate Social Responsibility expenditure (CSR)**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Gross amount required to be spent by the Company during the year	999.76	644.53
(b) Amount spent in cash during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	999.76	644.53
(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)	999.76	644.53
(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	**999.76**	**644.53**

Notes
forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

**** Payment to Auditors**

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
As Auditors		
Audit Fee	85.00	75.00
Certification and other fees	5.00	5.00
Reimbursement of expenses	-	4.10
Total	**90.00**	**84.10**

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

A) Loans and Advances

(i) Loans and advances (at amortised cost)

Particulars	March 31, 2024	March 31, 2023
Total - Gross	**30,72,511.21**	**22,30,460.05**
Less: Impairment loss allowance	36,833.72	29,835.09
Total - Net	**30,35,677.49**	**22,00,624.96**
a) Secured by tangible assets & Bank/Government Guarantees	25,07,944.08	18,34,980.84
b) Unsecured	5,64,567.13	3,95,479.21
Total - Gross	**30,72,511.21**	**22,30,460.05**
Less: Impairment loss allowance	36,833.72	29,835.09
Total - Net	**30,35,677.49**	**22,00,624.96**

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

(ii) Credit quality of assets

Particulars	For the year ended March 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	29,99,720.37	-	-	29,99,720.37
Past due but not impaired	-	28,416.52	-	28,416.52
Non Performing				
Indivdually Impaired	-	-	7,540.60	7,540.60
Total	**29,99,720.37**	**28,416.52**	**7,540.60**	**30,35,677.49**

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				
Individually Impaired	-	-	5,858.58	**5,858.58**
Total	**21,68,458.96**	**26,307.42**	**5,858.58**	**22,00,624.96**

Notes

forming part of financial statement for the year ended March 31, 2024
(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, 2024			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	21,87,920.53	28,849.82	13,689.70	22,30,460.05
New assets originated (refer note 1 below)	17,74,944.86	2,522.47	6,794.54	17,84,261.87
Assets repaid (excluding write offs)	(9,28,310.87)	(2,940.68)	(3,126.63)	(9,34,378.18)
Transfers to Stage 1	9,325.42	(4,679.59)	(4,645.83)	-
Transfers to Stage 2	(8,793.58)	8,793.58	-	-
Transfers to Stage 3	(7,838.15)	(1,756.08)	9,594.23	-
Amounts written off	-		(7,832.53)	(7,832.53)
Gross carrying amount closing balance	**30,27,248.21**	**30,789.52**	**14,473.48**	**30,72,511.21**

Particulars	For the year ended March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	16,01,975.43	14,893.22	20,397.25	16,37,265.89
New assets originated (refer note 1 below)	14,25,364.29	1,561.91	897.64	14,27,823.84
Assets repaid (excluding write offs)	(8,21,763.11)	(1,757.31)	(6,496.99)	(8,30,017.40)
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	**21,87,920.53**	**28,849.82**	**13,689.70**	**22,30,460.05**

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

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

Particulars	For the year ended March 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	19,461.51	2,542.45	7,831.13	29,835.09
New assets originated or purchased	11,270.43	236.22	6,747.21	18,253.86
Assets derecognised or repaid (excluding write offs)	(3,093.21)	(188.46)	(515.68)	(3,797.35)
Transfers to Stage 1	3,909.08	(687.10)	(3,221.98)	-
Transfers to Stage 2	(89.16)	89.16	-	-
Transfers to Stage 3	(77.63)	(156.28)	233.91	-
Impact on year end ECL of exposures transferred between stages during the year	(3,853.26)	537.06	3,690.85	374.65
Amounts written off	-	-	(7,832.53)	(7,832.53)
ECL allowance - closing balance	**27,527.76**	**2,373.05**	**6,932.91**	**36,833.72**

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**

*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.

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

(v) Undrawn commitment - Credit Quality of Assets

Particulars	For the year ended March 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	2,37,491.88	2,350.03	-	2,39,841.91
Non Performing				
Indivdually Impaired	-	-	-	-
Total	2,37,491.88	2,350.03	-	2,39,841.91

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

(vi) Undrawn commitment - Gross carrying amount

Particulars	For the year ended March 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	1,85,747.00	813.59	-	1,86,560.59
New assets originated	1,88,015.37	2,121.61	-	1,90,136.98
Assets derecognised	(1,36,776.19)	(79.47)	-	(1,36,855.66)
Transfers to Stage 1	530.70	(530.70)	-	-
Transfers to Stage 2	(25.00)	25.00	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Gross carrying amount closing balance	2,37,491.88	2,350.03	-	2,39,841.91

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	(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, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

B Investments

(i) Investments

Particulars	Amortised Cost	Fair Value Through Profit & Loss	Total
As at March 31, 2024			
Government Securities	57,851.42	4,063.22	61,914.64
Non-Convertible Debenture	87,919.73	-	87,919.73
Other Securities	-	5,348.59	5,348.59
Total Gross	1,45,771.15	9,411.81	1,55,182.96
Less: Impairment loss allowance	366.68	-	366.68
Total	1,45,404.47	9,411.81	1,54,816.28

Particulars	Amortised Cost	Fair Value Through Profit & Loss	Total
As at March 31, 2023			
Government Securities	44,856.33	2,535.16	**47,391.49**
Non-Convetible Debenture	39,127.90	-	**39,127.90**
Other Securities	-	4,587.70	**4,587.70**
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**

(ii) Credit quality of assets

Particulars	For the year ended March 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Standard	1,54,816.28	-	-	1,54,816.28
Non Performing				
Indivdually Impaired	-	-	-	-
Total	1,54,816.28	-	-	1,54,816.28

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**

Notes

forming part of financial statement for the year ended March 31, 2024
(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, 2024			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	91,107.09	-	-	91,107.09
New assets originated	73,084.04	-	-	73,084.04
Assets repaid (excluding write offs)	(9,008.17)	-	-	(9,008.17)
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	1,55,182.96	-	-	1,55,182.96

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

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

Particulars	For the year ended March 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	174.50	-	-	174.50
New assets originated	242.76	-	-	242.76
Effect of change in estimate/ repayment	(50.58)	-	-	(50.58)
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	-	-	-	-
Amounts written off	-	-	-	-
ECL allowance - closing balance	366.68	-	-	366.68

Notes

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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	-			-
Changes to models and inputs used for ECL calculations	-			-
Amounts written off	-			-
ECL allowance - closing balance	**174.50**			**174.50**

C) Trade Receivables

(i) Trade Receivables

Particulars	March 31, 2024	March 31, 2023
Unsecured considered good	759.27	13.88
Less : Impairment loss allowance	-	-
Total - Net	**759.27**	**13.88**

(ii) Credit quality of assets

Particulars	For the year ended March 31, 2024				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
Performing					
Standard	759.27	-	-	-	759.27
Non Performing					
Indivdually Impaired	-	-	-	-	-
Total	759.27	-	-	-	759.27

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**

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

(iii) Changes in Gross carrying amount

	For the year ended March 31, 2024				
	Stage 1	Stage 2	Stage 3	Simplified Approach	Total
Gross carrying amount opening balance	13.88	-	-	-	13.88
New assets originated (refer note 1 below)	759.27	-	-	-	759.27
Assets repaid (excluding write offs)	(13.88)	-	-	-	(13.88)
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	759.27	-	-	-	759.27

	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

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.

(iv) Reconciliation of Expected Credit Loss balance

	For the year ended March 31, 2024				
	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	-	-	-	-	-

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	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	-	-	-	-	-

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, 2024							
	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	5,746.95	-	10,055.56	8,747.54	(13,056.15)	18,803.10	13,056.15	2,118.37
b) Retail Loans	8,726.53	-	15,207.51	-	(6,480.98)	15,207.51	6,480.98	4,814.54
Total	14,473.48	-	25,263.07	8,747.54	(19,537.13)	34,010.61	19,537.13	6,932.91

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)	27,204.55	18,859.27	4,017.27
b) Retail Loans	5,344.42	-	7,872.04	-	(2,527.62)	7,872.04	2,527.62	3,813.86
Total	13,689.70	-	35,076.59	-	(21,386.89)	35,076.59	21,386.89	7,831.13

Notes
forming part of financial statement for the year ended March 31, 2024
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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, 2024						
	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							
Receivables	-	759.27	759.27	-	-	759.27	759.27
Loans	-	30,35,677.49	30,35,677.49	-	-	30,35,677.49	30,35,677.49
Investments	9,411.81	1,45,404.47	1,54,816.28	1,05,125.46	-	49,690.82	1,54,816.28
Other financial assets	-	17,368.69	17,368.69	-	-	17,368.69	17,368.69
Total	9,411.81	31,99,209.92	32,08,621.73	1,05,125.46	-	31,03,496.27	32,08,621.73
Financial liabilities							
Payables	-	4,830.58	4,830.58	-	-	4,830.58	4,830.58
Debt securities	-	12,09,649.26	12,09,649.26	12,09,649.26	-	-	12,09,649.26
Borrowings (Other than debt securities)	-	13,40,752.19	13,40,752.19	-	7,726.27	13,33,025.92	13,40,752.19
Subordinated Liabilities	-	2,43,907.32	2,43,907.32	2,43,907.32	-	-	2,43,907.32
Lease Liabilities	-	2,132.58	2,132.58	-	-	2,132.58	2,132.58
Other financial liabilities	-	75,848.97	75,848.97	-	-	75,848.97	75,848.97
Total	-	28,77,120.90	28,77,120.90	14,53,556.58	7,726.27	14,15,838.05	28,77,120.90

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							
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
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	-	13,856.85	10,36,950.49	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	13,856.85	11,13,137.08	20,76,370.15

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

Notes

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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, 2024			As at March 31, 2023		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial Assets						
Cash and cash equivalents	60,703.63	-	60,703.63	75,516.06	-	**75,516.06**
Receivables	759.27	-	759.27	13.88	-	**13.88**
Loans	8,74,660.54	21,61,016.95	30,35,677.49	4,65,996.09	17,34,628.87	**22,00,624.96**
Investments	58,099.81	96,716.47	1,54,816.28	51,018.86	39,913.73	**90,932.59**
Other financial assets	6,191.61	11,177.08	17,368.69	5,319.01	8,311.23	**13,630.24**
Sub-total-Financial assets	**10,00,414.86**	**22,68,910.50**	**32,69,325.36**	**5,97,863.90**	**17,82,853.83**	**23,80,717.73**
Non-Financial Assets						
Current Tax Assets (net)	-	5,018.65	5,018.65	-	4,427.73	**4,427.73**
Deferred Tax Assets (net)	-	10,265.21	10,265.21	-	7,972.24	**7,972.24**
Property, plant and equipment	-	813.28	813.28	-	612.89	**612.89**
Intangible assets under development	-	102.45	102.45	-	13.44	**13.44**
Other Intangible Assets	-	1,391.92	1,391.92	-	1,375.47	**1,375.47**
Right-of-use assets	-	2,113.36	2,113.36	-	1,584.80	**1,584.80**
Other non-financial assets	626.56	552.19	1,178.75	322.88	660.49	**983.37**
Sub-total-Non-financial assets	**626.56**	**20,257.06**	**20,883.62**	**322.88**	**16,647.06**	**16,969.94**
Total - Assets	**10,01,041.42**	**22,89,167.56**	**32,90,208.98**	**5,98,186.78**	**17,99,500.89**	**23,97,687.67**

Notes

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Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
LIABILITIES AND EQUITY						
LIABILITIES						
Financial Liabilities						
Payables						
a) total outstanding dues to micro and small enterprises	274.38	-	274.38	269.47	-	269.47
b) total outstanding dues of creditors other than micro and small enterprises	4,556.20	-	4,556.20	3,589.79	-	3,589.79
Debt securities	4,40,583.35	7,69,065.91	12,09,649.26	3,06,626.95	4,89,728.50	7,96,355.45
Borrowings (Other than debt securities)	4,05,557.11	9,35,195.08	13,40,752.19	2,39,075.88	8,11,731.46	10,50,807.34
Subordinated Liabilities	-	2,43,907.32	2,43,907.32	-	1,53,020.77	1,53,020.77
Lease Liabilities	842.58	1,290.00	2,132.58	764.79	893.73	1,658.52
Other financial liabilities	75,848.97	-	75,848.97	70,668.81	-	70,668.81
Sub-total-Financial liabilities	**9,27,662.59**	**19,49,458.31**	**28,77,120.90**	**6,20,995.69**	**14,55,374.46**	**20,76,370.15**
Non-Financial liabilities						
Current tax liabilities (net)	604.45	501.93	1,106.38	-	326.90	326.90
Provisions	3,713.90	-	3,713.90	2,928.78	-	2,928.78
Other non-financial liabilities	1,403.29	-	1,403.29	904.75	-	904.75
Sub-total-Non-financial liabilities	**5,721.64**	**501.93**	**6,223.57**	**3,833.53**	**326.90**	**4,160.43**
Total Liablities	**9,33,384.23**	**19,49,960.24**	**28,83,344.47**	**6,24,829.22**	**14,55,701.36**	**20,80,530.58**

Note: The Company is having undrawn commitment bank lines as on reporting date which is amounting to ₹2,05,000 Lakhs has not been considered in the above bucketing. (March 31, 2023 : ₹127,500 Lakhs)

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 ₹1,165.66 Lakhs at March 31, 2024 (March 31, 2023: Gross – ₹417.47 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 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, 2024, 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, 2023: ₹742.61 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, 2024.

Notes

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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 two cases against the Company which have not been acknowledged as debt, which is amounting to ₹160 Lakhs Both of these cases have been filed by the customer on account of refund of prepayment charges.

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, 2024	For the year ended March 31, 2023
Basic			
Profit after tax as per Statement of Profit and Loss	A	59,720.07	57,910.15
Weighted Average Number of Shares	B	60,16,63,414	57,22,12,048
Face value per share		10	10
Basic Earnings per share	A/B	9.93	10.12
Diluted			
Adjusted Profit after tax	C	59,720.07	57,910.15
Weighted Average Number of Shares	D	60,16,63,414	57,22,12,048
Face value per share		10	10
Diluted Earnings per share	C/D	9.93	10.12

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')

Axis Capital Limited ('ACL')

A. Treds Limited ('ATL')

Freecharge Payment Technologies Private Limited ('FPTPL')

Subsidiary of Fellow subsidiary companies
Axis Capital USA LLC (subsidiary of Axis Capital Ltd.)

Notes

forming part of financial statement for the year ended March 31, 2024
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Others

Life Insurance Corporation of India (LIC) (Promoter of Holding Company)

Max Life Insurance Company Ltd. (Associate of Holding Company)

IDBI Bank (Subsidiary of Promoter)

Delhivery Limited (Company in which Director of holding company is interested)

Mr. Rakesh Radhakrishan Makhija (Director of holding company)

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)

Amitabh Chaudhry (Chairman)

Deepak Maheshwari (Director)

U. B. Pravin Rao (Director)

K. Narasimha Murthy (Director)

Pallavi Kanchan (Director)

Babu Rao Busi (Director)

Relatives of KMP

Preeti Chaudhry (Relative of KMP)

Anagh Chaudhry (Relative of KMP)

Aruj Chaudhry (Relative of KMP)

Aryan Chaudhry (Relative of KMP)

Chhavi Kharb (Relative of KMP)

Om Singh Chaudhry (Relative of KMP)

Kusum Chaudhry (Relative of KMP)

Rajul Parekh (Relative of KMP)

Ashok Kharb(Relative of KMP)

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)

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Shobha Pillai (Relative of KMP)
Shreyas Pillai (Relative of KMP)
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)
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)
Smt K Lalitha (Relative of KMP)
K Sree Charan (Relative of KMP)
Mrs. N Bhavya Pavani (Relative of KMP)
K Yasaswini (Relative of KMP)
G Lakshmi Narasimha, IRS (Relative of KMP)
Mr. K Hari Kumar (Relative of KMP)
Mr. K Krishna (Relative of KMP)
Smt. K. Vatsalya (Relative of KMP)
Aditya Narain (Relative of KMP)
GK Kanchan (Relative of KMP)
Pushplata Kanchan (Relative of KMP)
Raag Narain (Relative of KMP)

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Malhar Narain (Relative of KMP)

Madhurima Astana (Relative of KMP)

Busi Ashish (Relative of KMP)

Busi Prasad Babu (Relative of KMP)

Busi Pratik (Relative of KMP)

Busi Sarada (Relative of KMP)

Busi Susheela (Relative of KMP)

Dr Suchitra Manjula (Relative of KMP)

Companies in which KMPs having significant interest

Mr. Bipin Kumar Saraf HUF (Company/Firm in which director is interested)

DDMS Simulations Software Consultants Private Limited (Company/Firm in which director is interested)

Indegene Private Limited (Company/Firm in which director is interested)

Narshmha Murthy & Co Cost accountant (Company/Firm in which director is interested)

Karta Initiatiative India Foundation (Company/Firm in which director is interested)

Col Capital(Company/Firm in which director is interested)

GENBA Next Technologies Private Limited (Company/Firm in which director is interested)

Transactions with related parties

Nature of transactions	Holding Company	Fellow Subsidiary including subsidiary of fellow subsidiary	Key Management Personnel	Total
Capital Receipts and Payments				
Capital Infusion including Securities Premium (ABL)	30,086.99	-	-	30,086.99
	(39,943.18)	(-)	(-)	(39,943.18)
Non-Convertible Debentures (ABL)	46,648.14	-	-	46,648.14
	(8,500.00)	(-)	(-)	(8,500.00)
Transactions				
Rent paid (ABL)	247.82	-	-	247.82
	(246.59)	(-)	(-)	(246.59)
Car Parking Rent (ABL)	0.35	-	-	0.35
	(1.40)	(-)	(-)	(1.40)
Bank charges (ABL)	18.46	-	-	18.46
	(11.37)	(-)	(-)	(11.37)
NACH charges (ABL)	45.49	-	-	45.49
	(27.02)	(-)	(-)	(27.02)
Interest paid on borrowings (ABL)	3,638.80	-	-	3,638.80
	(3,549.45)	(-)	(-)	(3,549.45)
Interest paid on borrowings (IDBI)	-	4,247.65	-	4,247.65
	(-)	(-)	(-)	(-)
Interest paid on Non-Convertible Debentures (ABL)	3,053.75	-	-	3,053.75
	(3,053.75)	(-)	(-)	(3,053.75)
Demat Charges (ASL)	-	0.02	-	0.02
	(-)	(0.01)	(-)	(0.01)
Demat Charges (ABL)	-	-	-	-
	(1.39)	(-)	(-)	(1.39)

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Nature of transactions	Holding Company	Fellow Subsidiary including subsidiary of fellow subsidiary	Key Management Personnel	Total
CP Issue Expenses (ASL)	-	0.52	.	0.52
	(-)	(-)	(-)	(-)
IPA commission charges paid (ABL)	5.00	-	-	5.00
	(2.00)	(-)	(-)	(2.00)
Service charges other – IT Service fees (ABL)	155.20	-	-	155.20
	(88.93)	(-)	(-)	(88.93)
Treps Charges (ABL)	3.09	-	-	3.09
	(3.00)	(-)	(-)	(3.00)
Royalty Charges (ABL)	460.00	-	-	460.00
	(348.47)	(-)	(-)	(348.47)
NCD Issue Expenses(ABL)	32.25	-	-	32.25
	(5.00)	(-)	(-)	(5.00)
Brokerage paid (ASL)	-	13.35	-	13.35
	(-)	(2.14)	(-)	(2.14)
Salary, Rent and contribution to PF (KMP)	-	-	1,509.58	1,509.58
	(-)	(-)	(993.51)	(993.51)
Staff Loan repayment (KMP)	-	-	-	-
	(-)	(-)	(22.76)	(22.76)
Staff Loan Interest (KMP)	-	-	-	-
	(-)	(-)	(4.95)	(4.95)
Director Sitting Fees (KMP)	-	-	188.00	188.00
	(-)	(-)	(124.00)	(124.00)
LIC Gratuity Premium (Life Insurance Corporation of India)	-	315.78	-	315.78
	(-)	(-)	(-)	(-)
Professional fees (ATSL)	-	8.58	-	8.58
	(-)	(12.13)	(-)	(12.13)
Processing Fees (ABL)	-	-	-	-
	(1,985.57)	(-)	(-)	(1,985.57)
Considearation received from sell down including fees (ABL)	-	-	-	-
	(1,10,814.40)	(-)	(-)	(1,10,814.40)
Interest on Fixed Deposits (ABL)	354.06	-	-	354.06
	(177.60)	(-)	(-)	(177.60)
Reimbursement of fees (ABL)	-	-	-	-
	(15.64)	(-)	(-)	(15.64)
Advertisement Income(Max Life Insurance)	-	131.12	-	131.12
	(-)	(-)	(-)	(-)
Other Reimbursement of Expenses (ABL)	-	-	-	-
	(128.45)	(-)	(-)	(128.45)
DSA Commision (Free Charge)	-	0.98	-	0.98
	(-)	(-)	(-)	(-)
ESOP cost debited & considered deemed capital contribution (ABL)	1,308.60	-	-	1,308.60
	(860.15)	(-)	(-)	(860.15)
ESOP recovered (ABL)	-	-	-	-
	(59.54)	(-)	(-)	(59.54)
Fixed Deposit with bank (ABL)	10,000.00	-	-	10,000.00
	(-)	(-)	(-)	(-)

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

Nature of transactions	Holding Company	Fellow Subsidiary including subsidiary of fellow subsidiary	Key Management Personnel	Total
Closing Balance/Outstanding Balances as on March 31				
Share Capital (ABL)	62,706.38	-	-	62,706.38
	(59,081.39)	(-)	(-)	(59,081.39)
Current Account Balance (ABL)	18,496.43	-	-	18,496.43
	(11,943.55)	(-)	(-)	(11,943.55)
Overdraft/Term Loan Account Balance (ABL)	31,779.85	-	-	31,779.85
	(58,571.45)	(-)	(-)	(58,571.45)
Overdraft/Term Loan Account Balance (IDBI BANK)	-	50,000.00	-	50,000.00
	(-)	(-)	(-)	(-)
Royalty Charges Payable (ABL)	120.00	-	-	120.00
	(116.61)	(-)	(-)	(116.61)
Non-Convertible Debentures (ABL)	12,000.00	-	-	20,040.00
	(42,500.00)	(-)	(-)	(42,500.00)
Non-Convertible Debentures (Others)	-	7,600.00	-	7,600.00
	(-)	(-)	(-)	(-)
Sundry Receivables (ABL)	-	-	-	-
	(3.86)	(-)	(-)	(3.86)
Interest on Fixed Deposits (ABL)	2.34	-	-	2.34
	-	-	-	-
Professional fees (ATSL)	-	0.81	-	0.81
	(-)	(-)	(-)	(-)
CP Issue Expenses (ASL)	-	0.55	(-)	0.55
	(-)	(-)	(-)	(-)
Fixed Deposit with bank (ABL)	10,000.00	-	-	10,000.00
	(-)	(-)	(-)	(-)
Staff Loan given (KMP)	-	-	112.53	112.53
	(-)	(-)	(119.90)	(119.90)

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 & Services Tax.
4. Above transactions are based on contractual cash flow basis.

36a Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended from time to time - Loans to Senior Officers

Particulars	Outstanding as at March 31, 2024	Outstanding as at March 31, 2023
Loan to Senior officers	-	-

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

37 Employee Benefits

a) Defined contribution plan (Provident fund)

Amount of ₹ in lakhs 654.50 (Previous Year ₹519.31) is recognised as expenses and included in Note 27 of “Employee Benefits expenses” in Statement of Profit and Loss.

b) Defined benefit plan (Gratuity)

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

1) Amount recognised in employee cost:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current service cost	118.91	130.27
Interest cost on benefit obligation	45.58	39.15
Expected return on plan assets	(36.11)	(24.67)
Past service cost	-	172.06
Transferred from group Company	-	-
Net benefit expense/(income)	128.38	316.81

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Net actuarial (gain)/loss recognised in the year	119.58	(90.75)
Return on Plan Assets, Excluding Interest Income	12.15	(100.09)
Net benefit (income)/expense for the year recognised in OCI	131.73	(190.84)

3) Amount recognised in Balance Sheet:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Projected benefit obligation	(894.28)	(610.17)
Fair value of plan assets	788.45	483.39
Funded Status (Surplus/ (Deficit))	(105.83)	(126.78)
Plan assets/(liability)	(105.83)	(126.78)

4) Actual return on plan assets

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Expected return on plan assets	36.11	24.67
Actuarial gains/(losses) on plan assets	(12.15)	100.09
Actual Return on plan assets	23.96	124.76

5) Reconciliation of balances of Defined Benefit Obligation:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening projected benefit obligation	610.17	368.00
Interest cost	45.58	39.15
Current service cost	118.91	130.27
Past Service Cost - Vested Benefit Incurred during the period	-	172.06
Liability Transferred In/ Acquisitions	34.61	-
Benefit Paid From the Fund	(34.57)	(8.57)
Actuarial (gains)/losses on obligation	119.58	(90.75)
Closing projected benefit obligation	894.28	610.17

Notes

forming part of financial statement for the year ended March 31, 2024
(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, 2024	For the year ended March 31, 2023
1st Following Year	17.14	27.23
2nd Following Year	20.78	13.17
3rd Following Year	24.52	15.79
4th Following Year	54.26	18.15
5th Following Year	45.55	38.41
Between 6 To 10 Years	411.48	338.80
10 Years and above	1,860.91	1,243.32

7) Reconciliation of balances of the fair value of plan assets are as follows:

Particulars	March 31, 2024	March 31, 2023
Opening fair value of plan assets	483.38	340.31
Expected return	36.11	24.67
Contributions by employer	315.66	26.88
Benefits paid	(34.56)	(8.57)
Actuarial gains/(losses)	(12.14)	100.09
Closing fair value of plan assets	788.45	483.38

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, 2024	March 31, 2023
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, 2024	March 31, 2023
Mortality rate	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)
Discount rate	7.21%	7.47%
Expected rate of return on assets	7.21%	7.47%
Employee turnover		
For service 2 years and below	29.00%	29.00%
For service 3 years to 4 years	11.00%	11.00%
For service 5 years and above	2.00%	2.00%
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, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Amounts for the current and previous four periods are

Particulars	2023 – 2024	2022 – 2023	2021 – 2022	2020 – 2021	2019 – 2020
Projected benefit obligation	894.28	610.17	368.00	267.80	197.70
Plan assets	788.45	483.38	340.31	218.21	133.18
(Surplus) /deficit	105.84	126.79	27.69	49.59	64.52
Experience adjustments on plan liabilities	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

Expected cash flow for the following year:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Expected payment contibutions to the plan for next annual reporting period	282.03	245.69

The weighted average duration of defined benefit obligations as at March 31, 2024 is 12 years (Previous Year : 12 years)

9) Sensitivity Analysis

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Projected Benefit Obligation on Current Assumptions	894.28	610.17
Delta Effect of +1% Change in Rate of Discounting	(91.16)	(62.20)
Delta Effect of -1% Change in Rate of Discounting	107.44	73.31
Delta Effect of +1% Change in Rate of Salary Increase	86.28	58.87
Delta Effect of -1% Change in Rate of Salary Increase	(76.72)	(52.35)
Delta Effect of +1% Change in Rate of Employee Turnover	2.87	1.95
Delta Effect of -1% Change in Rate of Employee Turnover	(4.16)	(2.84)

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, 2024
(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, 2024	For the year ended March 31, 2023
Provisions for impairment on Investment	192.18	62.79
Provision towards loan assets (Stage 3)	(898.23)	(5,600.91)
Provision made towards Income tax	21,994.68	18,638.61
Bad Debts Written off	7,832.53	4,612.28
Provision for Standard Assets (Stage 1 & Stage 2)	7,896.86	7,460.00

39 Leases:

A) Amounts recognised in the Balance sheet

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Gross carrying value	2,886.76	3,011.12
Addition	166.97	1,424.23
Deletion	(52.38)	(1,548.59)
Translation adjustments	-	-
Gross carrying value	**3,001.35**	**2,886.76**
Accumulative depreciation		
Opening Balance	1,301.96	553.98
Depreciation	54.30	747.98
Translation adjustments	-	-
Closing Balance	**1,356.26**	**1,301.96**
Net carrying value	**1,645.08**	**1,584.80**

B) The following is the movement in lease liabilities during the year ended March 31, 2024

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening Lease Liabilities	1,658.52	2,612.55
Additions/accrued	1,499.51	1,424.24
Interest on lease liabilities	160.89	113.29
Deletions	(52.00)	(1,667.43)
Payment towards Lease Liability (Principal & Interest)	(1,134.34)	(824.13)
Closing Lease Liabilities	**2,132.58**	**1,658.52**

Amounts recognised in Statement of profit and Loss during the year ended March 31, 2024

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation expense of right-of-use assets	54.30	747.98
Interest expense on lease liabilities	160.89	113.29
Total	**215.19**	**861.27**

Notes

forming part of financial statement for the year ended March 31, 2024
(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, 2024	For the year ended March 31, 2023
Total cash outflow for leases	1,134.34	824.13
Total	**1,134.34**	**824.13**

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, 2024	For the year ended March 31, 2023
Less than 1 year	846.92	764.79
1-3 years	925.85	749.94
3-5 years	359.81	143.79
More than 5 years	-	-
Balance as at March 31	**2,132.58**	**1,658.52**

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 7.1% p.a to 8.36% p.a.

40 Basis the information available there is following with Struck off Companies during the year ended March 31, 2024

Name of Struck off Company	Nature of transaction with struck off company	Balance Outstanding March 31, 2024	Balance Outstanding March 31, 2023	Relationship with the struck off company
Amarjothi Granites India Private Limited	Loan to the party	-	801.59	Customer

There were no relations and transactions with Struck off Companies during the year ended March 31, 2023.

The above disclosure has been prepared basis the relevant information complied by the Company on best effort basis which has been relied upon by the auditors.

41 Analytical Ratios

Ratio	Numerator	Denominator	March 31, 2024	March 31, 2023	% Variance	Reason for variance (if above 25%)
Capital to risk-weighted assets ratio (CRAR)	6,17,112.68	32,29,598.86	19.11%	20.10%	(4.94%)	N.A.
Tier I CRAR	4,26,674.00	32,29,598.86	13.21%	14.79%	(10.67%)	N.A.
Tier II CRAR	1,90,438.68	32,29,598.86	5.90%	5.31%	11.05%	N.A.
Debt Equity Ratio	27,94,308.77	4,06,864.51	6.87	6.31	8.84%	N.A.
Liquidity Coverage Ratio	1,08,854.47	27,025.00	402.79%	598.38%	(32.69%)	Higher HQLA

42 Key Ratios for the year ended

Particulars	March 31, 2024	March 31, 2023
Return on Equity Ratio	16.50%	21.15%
Net Profit Ratio	18.93%	24.89%
Return on Capital Employed	2.16%	2.76%

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43 Revenue from contract with customers (Ind AS 115)

Particulars	March 31, 2024	March 31, 2023
Type of Services		
Cheque/NACH Bouncing Charges	198.87	142.88
Pre/Part payment Charges	393.10	149.96
Foreclosure Charges	2,994.08	1,223.48
Miscellaneous fees	106.50	2,129.83
Others	1,343.77	679.68
Total	**5,036.32**	**4,325.83**
Geographical markets		
India	5,036.32	4,325.83
Outside India	-	-
Total	**5,036.32**	**4,325.83**
Timing of revenue recognition		
Services transferred at a point in time	5,036.32	4,325.83
Services transferred over time	-	-
Total	**5,036.32**	**4,325.83**

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 comprehensive risk management framework that lays out controls in the form of risk limits and other controls to prudently manage different risks to ensure resilience and sustainable growth. 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 oversee the establishment, monitoring and integration of the risk management framework within organisation.

The Risk Management Committee of the Board has the responsibility for development of the risk strategy & risk appetite and implementing principles, policies and limits approved by Board of Directors. The Committee is also responsible for managing various risk related 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 operations. 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 of Managing Director & CEO, Chief Risk Officer and Chief Financial

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Officer, considers the current economic and market environment, near-term business growth projections and long-term strategic business decisions for determining the appropriate mix of funding sources to ensure liquidity is managed prudently.

Risk Measurement and Reporting

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

Excessive Risk Concentration

Concentration arises when Company has taken exposure to a number of counterparties, engaged in similar business activities or operating 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 in various KPIs like product type, geography, unsecured, capital market etc. in order to maintain a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Credit Risk

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

Impairment Assessment

a) **Definition of Default and Cure**

The Company considers a loan as defaulted and therefore classified as Stage 3 (credit impaired) for ECL calculation in all cases when the borrower 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 both Parent (Axis Bank Limited) and Axis Finance Limited have been taken into account.

c) **Exposure at Default (EAD)**

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

d) **Loss Given Default (LGD)**

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

Significant Increase in Credit Risk

The Company considers an exposure to have significantly 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, 2024 (March 31, 2023 ₹31,500.00 Lakhs). Total exposure to 20 largest customers constituted 13.31% of the Company's total credit exposure as at March 31, 2024.

*Exposure include interest as well

Credit Risk Exposure Analysis at Amortised Cost

(₹ In Lakhs)

Particulars	As at March 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
Wholesale (A)	16,07,256.35	21,028.14	5,754.12	16,34,038.61
Retail (B)	14,19,991.86	9,761.38	8,719.36	14,38,472.60
Total Loans (A+B)	**30,27,248.21**	**30,789.52**	**14,473.48**	**30,72,511.21**
Investments	1,55,182.96	-	-	**1,55,182.96**

(₹ 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)	9,52,995.07	6,828.71	5,345.85	9,65,169.63
Total Loans (A+B)	**21,87,920.53**	**28,849.82**	**13,689.70**	**22,30,460.05**
Investments	**91,107.09**	-	-	**91,107.09**

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.

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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

Company's 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:

Increase/Decrease in basis points	Sensitivity of Net Interest Income 2023-24	Sensitivity of Net Interest Income 2022-23
+/- 20 bps	- ₹1,926 Lakhs/+ ₹1,926 Lakhs	- ₹961 Lakhs/+ ₹961 Lakhs
+/- 30 bps	-₹2,889 Lakhs/+ ₹2,889 Lakhs	-₹1,442 Lakhs/+ ₹1,442 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.

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.

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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 ₹7,832.53 Lakhs during the year (Previous Year: ₹4,612.28).

Disclosure on Liquidity Risk as at March 31, 2024

Disclosure on Liquidity Risk, as per extant RBI guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies as at March 31, 2024 is as follows:

i. Funding Concentration based on Significant Counterparty:

Number of Significant Counterparties	Amount (₹ Lakhs)	% of Total Deposits	% of Total Deposits
20	19,24,102.89	N.A.	66.73%

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
15,03,662.18	53.81%

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

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iv. Funding Concentration based on Significant Instrument/Product:

Sr. No.	Name of the Instrument/Product	Amount (₹ Lakhs)	% of Total Liabilities
1	Term Loans	13,40,752.19	46.5%
2	WC/LOC/OD	-	0.0%
3	CP	1,90,851.00	6.6%
4	NCD	12,62,705.58	43.8%
Total		**27,94,308.78**	**96.9%**

Notes:

- Significant Instrument/Product – a single instrument/product or group of similar instruments/products which in aggregate amount to more than 1% of the company's Total Liabilities.
- Outstanding Amount have been considered in case of TLs, WC, LOC and OD facilities; Face Values has been considered in case of CPs and NCDs
- Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.

v. Stock Ratios:

Sr. No.		Stock Ratios	%
A)	I)	Commercial Papers as a % of Total Public Funds	6.83%
	II)	Commercial Papers as a % of Total Liabilities	6.62%
	III)	Commercial Papers as a % of Total Assets	5.80%
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	26.83%
	II)	Other Short-Term Liabilities as a % of Total Liabilities	26.00%
	III)	Other Short-Term Liabilities as a % of Total Assets	22.78%

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

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vi. Institutional set-up for Liquidity Risk Management:

The Board has the overall responsibility for management of liquidity risk. The Board decides the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits approved by it. The Risk Management Committee (RMC), which is a committee of the

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

Disclosure on Liquidity Risk as at 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 Deposits
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.
- 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 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.

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

Particulars	Financial year 2023-24										
	1 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month upto 2 months	Over 2 month upto 3 months	Over 3 month & upto 6 months	Over 6 month & upto 1 years	Over 1 year and upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Advances	26,870.92	2,416.32	11,258.61	43,430.97	56,264.02	2,59,984.31	4,74,435.39	9,71,965.96	5,76,048.11	6,13,002.88	30,35,677.49
Investments	-	-	-	54,462.77	3,637.04	-	-	35,000.00	10,000.00	51,716.47	1,54,816.28
Borrowings	3,357.41	5,821.33	29,204.97	1,46,479.45	1,03,039.63	1,86,419.27	3,79,656.94	12,07,201.51	5,30,659.07	2,02,469.20	27,94,308.78
Foreign currency asset	-	-	-	-	-	-	-	-	-	-	-
Foreign currency Liabilities	-	-	-	-	-	-	-	-	-	-	-

1) 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

2) The Company is having undrawn commitment bank lines as on reporting date which is amounting to ₹2,05,000 Lakhs has not been considered in the above bucketing.

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 & upto 6 months	Over 6 month & upto 1 years	Over 1 year and upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Advances	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	22,00,624.95
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	-	-	-	-	-	-	-	-	-	-	-

1) 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

2) The Company is having undrawn commitment bank lines as on reporting date which is amounting to ₹127,500 Lakhs has not been considered in the above bucketing.

Notes

forming part of financial statement for the year ended March 31, 2024
(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 04, 2021 and RBI Notification - RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 amended from time to time:-

Type of borrower	FY 2023-24				
	(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, 2023 (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, 2024
Personal Loans	306.27	127.31	-	16.54	313.86
Corporate persons	608.90	526.31	-	243.61	-
Of which, MSMEs	-	-	-	-	-
Others	739.61	10.34	11.41	56.88	694.19
Total	**1,654.78**	**663.96**	**11.41**	**317.03**	**1,008.05**

*Amount outstanding as on March 31, 2023

Type of borrower	FY 2022-23				
	(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

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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, 2024			March 31, 2023		
	To Banks	To Others	Total*	To Banks	To Others	Total
Number of loans sold	5,564	1,555	7,119	15,067	1,916	16,983
Aggregate amount (₹ in Lakhs)	1,15,893.07	1,10,952.25	2,26,845.32	2,92,842.76	34,415.34	3,27,258.10
Sale consideration (₹ in Lakhs)	1,15,893.07	1,10,952.25	2,26,845.32	2,94,800.58	34,415.34	3,29,215.92
Number of transactions	9	10	19	37	6	43
Weighted average maturity (remaining)	166.38	185.7	175.83	124.72	112.48	122.70
Weighted average holding period (after origination)	13.42	12.37	12.90	10.87	10.98	10.88
Retention of beneficial economic interest (average)	10%	17%	12%	0 to 10%	10 to 53%	0 to 53%
Coverage of tangible security coverage	100% to 167%	100% to 412%	100% to 412%	100% to 300%	100% to 300%	100% to 300%
Rating wise distribution of rated loans	N.A	N.A	N.A	BBB-, BBB, A-, A, A+	BBB-, A-, A	BBB-, BBB, A-, A, A+
Number of instances (transactions) where transferor has agreed to replace the transferred loans	NIL	NIL	NIL	NIL	NIL	NIL
Number of transferred loans replaced	N.A	N.A	N.A	N.A	N.A	N.A

* Excluding deal under co-lending arrangement of ₹3,404.90 (Lakhs).

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 March 31, 2024

Particulars	March 31, 2024	March 31, 2023
Number of loans acquired	14,790	41
Aggregate amount (₹ in Lakhs)	40,443.34	3,050.00
Sale consideration (₹ in Lakhs)	40,443.34	3,050.00
Number of transactions	11	1.00
Weighted average maturity in months (remaining)	72.33	92.96
Weighted average holding period in months (after origination)	13.61	25.96
Retention of beneficial economic interest (average)	10%	10%
Coverage of tangible security coverage	100%	100%
Rating wise distribution of rated loans	N.A.	N.A.
Number of instances (transactions) where transferor has agreed to replace the transferred loans	NIL	NIL
Number of transferred loans replaced	N.A.	N.A.

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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 ₹274.38 Lakhs due to such parties at year end. (March 31, 2023 ₹269.47 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, 2024	March 31, 2023
The Principal amount remaining unpaid at the end of the year (Refer note 1 below)	274.38	269.47
The Interest Amount remaining unpaid at the end of the year	-	-
Interest paid along with amount of payment made to the supplier beyond the appointed day	-	-
Amount of interest due and payable for the period of delay on payments made beyond the appointed day	-	-
Amount of interest accrued and remaining unpaid	-	-
Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-
	274.38	269.47

Note 1) Includes unbilled amount of ₹274.38 Lakhs (March 31, 2023 : ₹269.47 Lakhs)

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, 2024	As at March 31, 2023
CRAR- Tier I Capital	4,26,674.00	3,29,002.72
CRAR- Tier II Capital	1,90,438.68	1,18,161.19
Total Capital	6,17,112.68	4,47,163.91
CRAR (%)	19.11%	20.10%

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	As at March 31, 2024	As at March 31, 2023
CRAR- Tier I Capital (%)	13.21%	14.79%
CRAR- Tier II Capital (%)	5.90%	5.31%
Amount of subordinated debt raised as Tier-II Capital	82,500.00	30,000.00
Percentage of the amount of PDI of the amount of its Tier I Capital	14.85%	15.00%
Amount raised by issue of Perpetual Debt Instruments	6,500.00	22,500.00

50 Exposure* to Real Estate Sector

Particulars	As at March 31, 2024	As at March 31, 2023
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.	9,22,795.68	5,10,413.89
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.	8,55,950.37	4,74,006.96
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	**17,78,746.05**	**9,84,420.85**

* 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, 2024	As at March 31, 2023
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	4,862.00	-
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	3,775.00	738.08
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	-	-
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
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	-	-

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	As at March 31, 2024	As at March 31, 2023
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	**8,637.00**	**1,626.73**

* 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.

52 During the year, management has detected and reported certain accounts as frauds amounting to ₹221.53 Lakhs (March 31, 2023 : ₹28.39 Lakhs).

Certain accounts with balances of ₹78.64 Lakhs have been writtwn off based on the management's judgement of recoverability.

The balance amount of ₹142.89 Lakhs includes an amount of ₹65.01 Lakhs (including off Balance Sheet), which pertains to pools sold through the direct assignment route prior to the detection of fraud. These have been provided for according to the policy of the Company.

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.)

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, 2024 & March 31, 2023

56 During the year, the Company has received a Certificate of Registration from IRDAI to act as Corporate Agent (Composite) (registration code – CA0903) dated 05-Feb-2024. There are no registrations obtained from other financial sector regulator (other than RBI) by the Company in 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, 2024

FACILITY	CRISIL	INDIA RATINGS	Brickwork Ratings	CARE RATINGS	Amount (₹ in Crore)
Non-Convertible Debenture	CRISIL AAA/ STABLE	IND AAA/STABLE	NA	CARE AAA/STABLE	CRISIL - 18206.00 CARE- 23,000 INDIA RATING - 18,000
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

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

FACILITY	CRISIL	INDIA RATINGS	Brickwork Ratings	CARE RATINGS	Amount (₹ in Crore)
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 25,000
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 - 6,000

For the year ended March 31, 2023

FACILITY	CRISIL	INDIA RATINGS	Brickwork Ratings	CARE RATINGS	Amount (₹ in Crore)
Non-Convertible Debenture	CRISIL AAA/ STABLE	IND AAA/STABLE	NA	CARE AAA/STABLE	CRISIL - 19,300
					CARE- 23,000 Indian rating 16000
Principal protected Market linked Debentures	NA	IND AAA/STABLE	NA	CARE AAA/STABLE	India Rating - 500 CARE-1500
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
Commercial paper	CRISIL A1+	IND A1+	NA	NA	CRISIL - 6,000
					INDIA RATING - 10,000
Bank Lines Long Term/ Short Term	NA	NA	NA	CARE AAA/ STABLE/ CARE A1+	CARE- 10,000

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, 2024	As at March 31, 2023
Total Advances to Twenty Largest Borrowers	4,04,306.42	3,59,291.96
Percentage of Advances to Twenty Largest Borrowers to Total Advances	13.16%	15.59%

* Advances include borrower contractual outstanding balances

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

63 Concentration of Exposures*

Particulars	As at March 31, 2024	As at March 31, 2023
Total Exposure to Twenty Largest Borrowers/customers	4,24,798.07	3,67,509.95
Percentage of Exposures to Twenty Largest Borrowers/Customers to Total Exposure of Axis Finance on borrowers/customers	12.82%	14.95%

* 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, 2024	As at March 31, 2023
Total exposure to top four Non Performing Assets	4,649.52	7,412.63

* Assets under Stage 3 are considered as NPAs

65 Sector-wise Non Performing Assets (NPAs)

Sectors	% of NPAs to Total Advances in that sector	% of NPAs to Total Advances in that sector
	For the year ended March 31, 2024	For the year ended March 31, 2023
Agriculture & allied activities	-	-
MSME	-	-
Corporate borrowers	0.35%	0.66%
Services	-	-
Unsecured personal loans	0.70%	0.68%
Auto loans	-	-
Other personal loans	0.57%	0.50%

66 Sectoral exposure

Sectors	For the year ended March 31, 2024			For the year ended March 31, 2023		
	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	4,06,593.98	-	-	1,48,951.35	-	-
Others	68,697.90	-	-	61,199.93	25.34	-
Total of Industry	**4,75,291.88**	**-**	**-**	**2,10,151.28**	**25.34**	**0.01%**
(i+...+Others)						
3. Services						
i. Other Services	4,47,589.66	195.21	-	2,21,764.05	-	-
ii. Professional Services	65,241.67	1,940.81	-	72,297.85	-	-
iii. Commercial Real Estate	7,19,864.91	3,813.30	-	6,18,630.83	-	-
iv. NBFC's	84,985.24	-	-	68,738.94	-	-
Others	96,686.02	-	-	44,117.53	8,585.21	-
Total of Services	**14,14,367.50**	**5,949.32**	**0.42%**	**10,25,549.20**	**8,585.21**	**0.84%**
(i+ii+...+Others)						

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Sectors	For the year ended March 31, 2024			For the year ended March 31, 2023		
	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
4. Personal Loans						
Others	-	-	-	-	-	-
Total of Personal Loans	-	-	-	-	-	-
(i+ii+...+Others)						
5. Others, if any (please specify)						
i. Housing Loans (incl. priority sector Housing)	1,98,288.16	1,984.76	-	2,59,129.39	-	-
ii. Other Retail loans	11,80,647.11	6,539.41	-	5,26,358.39	-	-
iii. Other Non-food Credit	2,015.29	-	-	3,93,879.23	-	-
Others	36,760.97	-	-	1,953.15	5,079.15	-
Total of Others, if any (please specify)	**14,17,711.53**	**8,524.17**	**0.60%**	**11,81,320.16**	**5,079.15**	**0.43%**
	33,07,370.91	**14,473.49**	**0.44%**	**24,17,020.64**	**13,689.70**	**0.57%**

67 Intra-group exposures

Particulars	As at March 31, 2024	As at March 31, 2023
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, 2024	As at March 31, 2023
(i) Net NPAs to Net Advances (%)	0.24%	0.26%
(Net Advances include investment of amount ₹ in lakhs (March 31, 2024 : 87,919.73 & March 31, 2023 : 39,127.90)		
(Only Stage 3 ECL is considered while computing Net Advances)		
(ii) Movement of NPAs (Gross)		
Opening balance	13,689.70	20,397.25
Additions during the year	8,950.45	5,977.68
Reductions during the year	(8,166.67)	(12,685.23)
Closing balance	**14,473.48**	**13,689.70**
(iii) Movement of NPAs (Net)		
Opening balance	5,858.57	6,965.22
Additions during the year	4,347.32	2,119.50
Reductions during the year	(2,665.29)	(3,226.15)
Closing balance	**7,540.60**	**5,858.57**
(iv) Movement of Provision on NPAs (excluding provision on Standard Assets)		
Opening balance	7,831.13	13,432.03
Additions during the year	4,603.16	3,858.18
Reductions during the year	(5,501.38)	(9,459.08)
Closing balance	**6,932.91**	**7,831.13**

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

69 Disclosures pursuant to Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended from time to time, Provisions required under Income Recognition, Asset Classification and Provisioning and impairment allowances made under Ind AS 109

Asset Classification as per RBI Norms	FY 2023-24					
	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	30,27,248.21	27,527.76	29,99,720.45	12,108.99	15,418.77
Standard	Stage 2	30,789.52	2,373.05	28,416.47	123.16	2,249.89
Subtotal		30,58,037.73	29,900.81	30,28,136.92	12,232.15	17,668.66
Non-Performing Assets (NPA)						
Substandard	Stage 3	9,329.79	4,721.55	4,608.24	932.98	3,788.57
Doubtful - 1	Stage 3	2,314.00	623.47	1,690.53	462.80	160.67
Doubtful - 2	Stage 3	2,013.12	1,158.89	854.23	603.94	554.95
Doubtful - 3	Stage 3	734.59	389.64	344.95	367.30	22.34
Subtotal for doubtful		5,061.71	2,172.00	2,889.71	1,434.04	737.96
Loss	Stage 3	81.98	39.36	42.62	81.98	(42.62)
Subtotal for NPA		14,473.48	6,932.91	7,540.57	2,449.00	4,483.91
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	30,27,248.21	27,527.76	29,99,720.45	12,108.99	15,418.77
	Stage 2	30,789.52	2,373.05	28,416.47	123.16	2,249.89
	Stage 3	14,473.48	6,932.91	7,540.57	2,449.01	4,483.91
Total		30,72,511.21	36,833.72	30,35,677.49	14,681.16	22,152.57

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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**	**2,741.85**	**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	13,689.68	7,831.12	5,858.57	2,741.86	5,089.25
Total		**22,30,460.05**	**29,835.09**	**22,00,624.96**	**11,543.65**	**18,291.44**

*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, 2024
(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		As at March 31, 2024									
			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 01, 2023	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 period 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, 2024 of the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

As at March 31, 2024									
Others					Total				
Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
-	1	-	-	1	-	1	-	-	1
-	24.13	-	-	24.13	-	24.13	-	-	24.13
-	18.46	-	-	18.46	-	18.46	-	-	18.46
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-1	-	-	-1	-	-1	-	-	-1
-	(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, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

S.N.	Type of Restructuring		As at March 31, 2023									
			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 01, 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	-	-	-	-	-	-	-	-	-	-

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

As at March 31, 2023									
Others					Total				
Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	1	-	-	1	-	1	-	-	1
-	24.13	-	-	24.13	-	24.13	-	-	24.13
-	18.46	-	-	18.46	-	18.46	-	-	18.46
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	1	-	-	1	-	1	-	-	1
-	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, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

71. Liquidity Coverage Ratio (FY 2023-24)

Reserve Bank of India (RBI) had introduced Liquidity Coverage Ratio (LCR) (effective from December 01, 2020) as part of Liquidity Risk Management Framework (LRMF) to ensure that a NBFC has adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant liquidity stress lasting for a period of 30 days. LCR is defined as a ratio of HQLA to the total net cash outflows over the next 30 calendar days. As on March 31, 2024, the applicable minimum LCR required to be maintained by the Company is 85.00%.

The Company's liquidity strategy is managed by the Asset Liability Management Committee (ALCO), a management level committee. Meetings of the ALCO are held on a monthly basis. The Risk Management Committee (RMC), a sub-committee of the Board of Directors of the Company along with Chief Risk Officer being the permanent invitee, oversees the liquidity risk management. The minutes of RMC are placed before the the Board of Directors for noting and discussion.

During the three months ended March 31, 2024, Axis Finance Limited maintained daily average HQLA (after applicable haircut) of ₹91,686.91 Lakhs against the average HQLA requirement of ₹91,970.57 Lakhs at minimum LCR requirement of 85.0%. The daily average LCR of Axis Finance Limited for the three months ended March 31, 2024 was 284.70% (The daily average LCR of Axis Finance for the three months ended December 31, 2023 was 170.84%). 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").

		Three months ended March 31, 2024		Three months ended December 31, 2023		Three months ended September 30, 2023		Three months ended June 30, 2023	
		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)	91,970.57	91,686.91	54,989.87	54,705.15	56,703.98	56,419.51	90,316.79	90,035.24
Cash Outflows									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	68,296.76	78,541.27	73,156.38	84,129.84	62,033.76	71,338.82	4,764.17	5,478.79
4	Secured wholesale funding	27,267.07	31,357.13	21,879.91	25,161.90	26,183.39	30,110.90	82,575.49	94,961.81
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	16,454.30	18,922.45	16,339.60	18,790.54	16,851.06	19,378.72	16,668.07	19,168.28
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**Total Cash Outflows**	**1,12,018.13**	**1,28,820.85**	**1,11,375.89**	**1,28,082.28**	**1,05,068.21**	**1,20,828.44**	**1,04,007.73**	**1,19,608.88**

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

		Three months ended March 31, 2024		Three months ended December 31, 2023		Three months ended September 30, 2023		Three months ended June 30, 2023	
		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	41,939.98	31,454.99	39,494.07	29,620.55	35,610.56	26,707.92	28,505.37	21,379.02
11	Other cash inflows (Note 2)	2,04,909.96	1,53,682.47	1,93,624.47	1,45,218.35	1,26,779.24	95,084.43	1,26,921.00	95,190.75
12	**Total Cash Inflows**	**2,46,849.94**	**1,85,137.46**	**2,33,118.54**	**1,74,838.90**	**1,62,389.80**	**1,21,792.35**	**1,55,426.37**	**1,16,569.77**
13	**Total HQLA**	**91,970.57**	**91,686.91**	**54,989.87**	**54,705.15**	**56,703.98**	**56,419.51**	**90,316.79**	**90,035.24**
14	**Total Net Cash Outflows**	**28,004.53**	**32,205.21**	**27,843.97**	**32,020.57**	**26,267.05**	**30,207.11**	**26,001.93**	**29,902.22**
15	**Liquidity Coverage Ratio (%)**	**328.41%**	**284.70%**	**197.49%**	**170.84%**	**215.87%**	**186.78%**	**347.35%**	**301.10%**

*Unweighted values calculated as average monthly outstanding balances maturing or callable within 30 days (for inflows and outflows).

Weighted values calculated after the application of respective stress factors on inflow (75%) and outflow (115%)

Note:

1. HQLA primarily includes Government securities viz. Central and State Government securities and small portion in eligible level 2 bonds.
2. Includes liquid fund balances.
3. The LCR requirement as per RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019, is applicable to the Company from December 01, 2020.

71. Liquidity Coverage Ratio (FY 2022-23)

Reserve Bank of India (RBI) had introduced Liquidity Coverage Ratio (LCR) (effective from December 01, 2020) as part of Liquidity Risk Management Framework (LRMF) to ensure that a NBFC has adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant liquidity stress lasting for a period of 30 days. LCR is defined as a ratio of HQLA to the total net cash outflows over the next 30 calendar days. As on March 31, 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 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").

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

		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	-	-	-	-	-	-	-	-
(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 04, 2019, is applicable to the Company from December 01, 2020.

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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, 2024 (March 31, 2023 : 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, 2024 or March 31, 2023"

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.

76 Customer Complaints

Particulars	As at March 31, 2024	As at March 31, 2023
Complaints received by the NBFC from its customers	-	-
1) Number of complaints pending at beginning of the year	48	-
2) Number of complaints received during the year	4915	3864
3) Number of complaints disposed during the year	4843	3816
3.1) Of which, number of complaints rejected by the NBFC	322	232
4) Number of complaints pending at the end of the year	120	48
Maintainable complaints received by the NBFC from Office of Ombudsman		
5) Number of maintainable complaints received by the NBFC from Office of Ombudsman	91	46
5.1) Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	89	44
5.2) Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	2	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)	-	-

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

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
2023-24					
Ground - 1(Foreclosure Related)	-	1373	43%	29	0
Ground - 2(Payment Related)	-	300	(32%)	2	2
Ground - 3 (Documents Related)	-	344	(18%)	7	2
Ground - 4(Refund/Waiver/Discount Related)	-	187	(35%)	7	2
Ground - 5 (ROI/Tenure Related)	-	221	(7%)	2	3
Others	-	2490	(27%)	73	23
Total		**4915**		**120**	**32**
2022-23					
Ground - 1(Foreclosure Related)	-	959	136%	7	2
Ground - 2(Payment Related)	-	440	100%	10	-
Ground - 3 (Documents Related)	-	419	100%	8	-
Ground - 4(Refund/Waiver/Discount Related)	-	288	100%	6	1
Ground - 5 (ROI/Tenure Related)	-	237	100%	4	-
Others	-	1521		33	4
Total		**3864**		**68**	**7**

77 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, there are few sections which were notified by the government in May 2023. The Company has assessed the impact of those sections of the Code and concluded that it has no financial impact during the period under review.

However, the date on which the full 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. "

78 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, 2024 and accordingly, no amount is required to be transferred to impairment reserve.

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

79 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.

80 Change in accounting estimates during the period

During the period ended March 31, 2024, the Company has upgraded the Expected Credit Loss (ECL) model used for computing the allowance of expected credit loss on the advance portfolio of the Company, including the estimation methodology for retail stage 3 assets (secured) has been changed from PD - LGD method to estimated cash flow basis (DCF) method. The impact of the model's adjustment has led to lesser provision of ₹2,646.78 Lakhs (approx.) than it would have been under the model existing as on March 31, 2023.

81 Note on compliance with audit trail:

The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. The audit trail feature was not enabled insofar as it relates to two applications viz. Oracle EBS and Credence. In case of Oracle EBS, audit trail logs w.r.t. modification in banking details of vendor master were not enabled, however the same has been enabled post year end. Further, the company had used Credence Software for its Treasury operations, for the period April 01, 2023 to September 30, 2023. The said system did not support the enablement of audit trail feature. The Company has effectively migrated its treasury operations to SAP ERP system w.e.f. October 01, 2023 which has audit trail features.

Further, during the year under audit, no instance of audit trail feature being tampered with was noted in any of the software(s).

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

82 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	2023-24	2022-23	Max O/S during year	2023-24	2022-23	Max O/S during year	2023-24	2022-23	Max O/S during year
Borrowings**	25,283.42	1,01,051.45	68,828.95	-	-	-	-	-	-
Equity Share Capital	62,706.38	59,081.39	-	-	-	-	-	-	-
Deposits	10,002.34	-	10,002.34	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Other Liability	120.00	116.61	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
Purchase of fixed/ other assets	-	-	-	-	-	-	-	-	-
Sale of fixed/ other assets	-	1,12,772.22	-	-	-	-	-	-	-
Interest paid	6,692.55	6,603.20	-	-	-	-	-	-	-
Interest received	354.06	177.60	-	-	-	-	-	-	-
Share based payments to employees	1,308.60	860.15	-	-	-	-	-	-	-
Securities Permium	26,462.00	34,713.04	-	-	-	-	-	-	-
Remunaration	-	-	-	-	-	-	-	-	-
Other expense	1,096.62	907.00							
Others income	-	-	-	-	-	-	-	-	-

*Includes transactions with other fellow subsidiaries

** Maximum outstanding balance excluding interest outstanding amount.

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Key Management Personnel			Relatives of Key Management Personnel			Others*			Total		
2023-24	2022-23	Max O/S during year	2023-24	2022-23	Max O/S during year	2023-24	2022-23	Max O/S during year	2023-24	2022-23	Max O/S during year
-	-	-	-	-	-	57,600.00	-	-	82,883.42	1,01,051.45	68,828.95
-	-	-	-	-	-	-	-	-	62,706.38	59,081.39	-
-	-	-	-	-	-	-	-	-	10,002.34	-	10,002.34
-	-	-	-	-	-	-	-	-	-	-	-
112.53	119.90	127.00	-	-	-	-	-	-	112.53	119.90	127.00
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	0.81	3.86	-	120.81	120.47	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	1,12,772.22	-
-	-	-	-	-	-	4,247.65	-	-	10,940.20	6,603.20	-
-	-	-	-	-	-	-	-	-	354.06	177.60	-
-	-	-	-	-	-	-	-	-	1,308.60	860.15	-
-	-	-	-	-	-	-	-	-	26,462.00	34,713.04	-
1,697.58	993.51	-	-	-	-	-	-	-	1,697.58	993.51	-
-	-					339.23	14.27		1,435.85	921.27	
-	-	-	-	-	-	131.12	-	-	131.12	-	-

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

83 RBI Disclosures

Particulars	Amount outstanding as at March 31,2024	Amount overdue as at March 31, 2024	Amount outstanding as at March 31,2023	Amount overdue as at March 31, 2023
Liabilities side :				
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:				
(a) Debentures : Secured	10,18,797.39	-	7,08,698.37	-
Debentures : Unsecured (other than falling within the meaning of public deposits*)	2,43,907.32	-	1,53,020.77	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	13,40,752.19	-	10,50,807.34	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial Paper	1,90,851.87	-	87,657.08	-
(f) Public Deposits*	-	-	-	-
(g) Other Loans (Bank's Line of Credit)	-	-	-	-
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :				
(a) In the form of Unsecured debentures	-	-	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
(c) Other public deposits	-	-	-	-

Note

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

* Disclosure is made in respect of available information

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

Particulars	Amount outstanding as at March 31,2024	Amount overdue as at March 31, 2024	Amount outstanding as at March 31,2023	Amount overdue as at March 31, 2023
Assets side :				
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :				
(a) Secured	25,07,944.08	5,152.71	18,34,980.85	3,027.84
(b) Unsecured	5,64,567.13	507.90	3,95,479.21	648.05
(4) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities				
(a) Lease assets including lease rentals under sundry debtors :	-	-	-	-
(i) Financial lease	-	-	-	-
(ii) Operating lease	-	-	-	-
(b) Stock on hire including hire charges under sundry debtors:	-	-	-	-
(i) Assets on hire	-	-	-	-
(ii) Repossessed Assets	-	-	-	-
(c) Other loans counting towards AFC activities	-	-	-	-
(i) Loans where assets have been repossessed	-	-	-	-
(ii) Loans other than (i) above	-	-	-	-

(5) **Break-up of Investments :**	As at March 31, 2024	As at March 31, 2023
Current Investments :		
(a) Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	246.00	4,587.70
(iii) Units of mutual funds	-	-
(iv) Government Securities	61,914.64	47,391.50
(v) Others (InVIT)	5,348.59	-
(b) Unquoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	166.07	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-

Notes

forming part of financial statement for the year ended March 31, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

(5) Break-up of Investments :	As at March 31, 2024	As at March 31, 2023
Long Term Investments :		
(a) Quoted :		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	37,717.76	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	49,789.90	29,240.44
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
	1,55,182.96	91,107.09

(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, 2024			Amount net of provisions as at March 31, 2023		
	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	24,85,347.72	5,50,329.77	30,35,677.49	18,11,583.51	3,89,041.45	22,00,624.96
Total	**24,85,347.72**	**5,50,329.77**	**30,35,677.49**	**18,11,583.51**	**3,89,041.45**	**22,00,624.96**

(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, 2024	Book Value (Net of Provisions) as at March 31, 2024	Market Value/Break up or fair value or NAV* as at March 31, 2023	Book Value (Net of Provisions) as at March 31, 2023
(a) Related Parties **				
(i) Subsidiaries	-	-	-	-
(ii) Companies in the same group	-	-	-	-
(iii) Other related parties	-	-	-	-
(b) Other than related parties	1,53,212.00	1,54,816.28	86,737.01	90,932.59
Total	**1,53,212.00**	**1,54,816.28**	**86,737.01**	**90,932.59**

* 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, 2024
(All amounts are in rupees lakhs, except per share data and as stated otherwise)

(8) Other information

Particulars	2023-24	2022-23
(a) Gross Non-Performing Assets		
(i) Related parties	-	-
(ii) Other than related parties	14,473.48	13,689.70
(b) Net Non-Performing Assets		
(i) Related parties	-	-
(ii) Other than related parties	7,540.60	5,858.57
(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.

84 Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under the Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

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 and on behalf of the board of Axis Finance Limited

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

Shweta Singhal
Partner
Membership No.: 414420
Place of Signature: Mumbai
Date: April 18, 2024

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

Aniruddha Joshi
Partner
Membership No.: 040852
Place of Signature: Mumbai
Date: April 18, 2024

Amitabh Chaudhry
Chairman
DIN No: 00531120

Bipin Kumar Saraf
Managing Director
DIN No: 06416744

Amith Iyer
Chief Financial Officer
CMA Membership No: 51849

Rajneesh Kumar
Company Secretary
Membership No: A31230
Place of Signature: Mumbai
Date: April 18, 2024

Notes

Notes

Notes

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 – President, Corporate Banking

Amith Iyer – Chief Financial Officer

Rajneesh Kumar – Company Secretary and Head (Legal)

Navalkumar Lad – Chief Technology Officer

Dominic Oliveira – Chief Audit Executive

Deepti Dayal – Head – Credit

Radhika Gordhandas – Head, Human Resource

Balaji Natarajan – National Head Business Development-Partnership, Strategic Alliances & Unsecured Loans

Dhairya Shah – Chief Operating Officer

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

Dominic Oliveira,
Chief Audit Executive

Bankers

- Axis Bank Limited
- State Bank of India
- HDFC Bank limited
- Bank of Baroda
- The Hongkong and Shanghai Banking Corporation Limited
- Federal Bank Limited
- ICICI Bank Limited
- Small Industries Development Bank of India
- Punjab & Sindh Bank
- Mizuho Bank Limited
- Canara Bank
- Union Bank of India
- IDBI Bank
- Indian Bank
- Punjab National Bank
- Bank of India
- UCO Bank

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.

CATALYST TRUSTEESHIP LIMITED (Formerly known as GDA Trusteeship Limited)

901,9th Floor, Tower – B, Peninsula Business Park, Senapati Bapat Marg, Lower Parel (W), Mumbai - 400013
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: C101, 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 and 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

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