



# ANNUAL REPORT 2020



AXIS SECURITIES

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#### **BOARD OF DIRECTORS**

**Pralay Mondal**

**Chairman**

**Gop Kumar Bhaskaran**

**Managing Director & CEO**

**Anand Kumar Shaha**

**Whole Time Director**

**Ramesh Kumar Bammi**  
(Resigned w.e.f. 27.04.2020)

**Director**

**Jagdeep Mallareddy**  
(Resigned w.e.f. 19.05.2020)

**Director**

**Babu Rao Busi**

**Independent Director**

**Bhumika Batra**

**Independent Director**

**Divya Poojari (Ms.)**

**Company Secretary**

**Hemantkumar Patel**

**Chief Financial Officer**

**M/s. S.R. Batliboi & Co. LLP**  
Chartered Accountants

**STATUTORY AUDITORS**

**M/s. RVA & Associates LLP**  
Chartered Accountants

**INTERNAL AUDITORS**

**M/s. BNP & Associates**  
Practising Company Secretaries

**SECRETARIAL AUDITORS**

**KFintech Private Limited**  
Karvy Selenium, Tower-B, Plot No 31& 32,  
Gachibowli, Financial District,  
Nanakramguda, Serilingampally,  
Hyderabad - 500 008, India  
Tel. : +91 040 67161604

**REGISTRAR AND SHARE TRANSFER AGENT**

#### **REGISTERED OFFICE**

Axis House, 8<sup>th</sup> Floor, Wadia International Centre,  
Pandurang Budhkar Marg, Worli, Mumbai – 400 025  
CIN : U74992MH2006PLC163204  
Tel. : 022 2425 2009  
Email : [contact@axissecurities.in](mailto:contact@axissecurities.in)  
Website : [www.axisdirect.in](http://www.axisdirect.in) / [www.axissecurities.in](http://www.axissecurities.in)

#### **CORPORATE OFFICE**

Phoenix Market City, Unit No. 2, 2nd Floor, 15, LBS Road,  
Near Kamani Junction, Kurla (West), Mumbai – 400 070  
Tel. : 022 42671500

## DIRECTORS' REPORT

### DEAR MEMBERS

Your Directors have pleasure in presenting the 14<sup>th</sup> Annual Report of Axis Securities Limited (the Company) alongwith the Audited Financial Statements for the financial year ended March 31, 2020.

### FINANCIAL PERFORMANCE:-

During the year, the Company achieved a total income of ₹ 2,377,238,793/-

The highlights of the financial Results of your Company for the year ended March 31, 2020 are given below:

(Figures in Lakhs)

Particulars	2019-20	2018-19
Operating Income(A)	19,589	19,028
Interest Income on Fixed Deposits and Miscellaneous Income (B)	1,329	816
<b>Total Income (A)+(B)</b>	<b>20,918</b>	<b>19,844</b>
Operating Expenses	11,991	14,230
<b>Profit/(Loss) before Depreciation &amp; provisions for tax</b>	<b>8,927</b>	<b>5,614</b>
Depreciation	1,438	1,063
Provision for Tax	2,228	1,624
<b>Profit for the year from continuing operation</b>	<b>5,261</b>	<b>2,927</b>
<b>Exceptional items</b>	<b>(2,845)</b>	<b>-</b>
<b>Profit before tax for the year from discontinued</b>		
Profit before tax for the year from discontinued operations	665	6,693
Tax income/ (expense) of discontinued operations	183	2,408
Deferred tax	-	50
<b>Profit for the year from discontinued operations</b>	<b>482</b>	<b>4,335</b>
<b>Profit for the year</b>	<b>2,898</b>	<b>7,262</b>
<b>Other Comprehensive Income</b>	<b>(164)</b>	<b>189</b>
<b>Total Comprehensive Income for the year</b>	<b>2,734</b>	<b>7,451</b>

**BUSINESS OVERVIEW & REVIEW OF OPERATIONS:-**

In Financial Year 2019-20 Retail Broking has achieved overall revenue of Rs. 20918 lakhs which is increase of 5% as compared to Rs. 19844 lakhs in Financial Year 2018-19 and have acquired 1.77 Lakhs customers.

**GENERAL RESERVE:-**

The Company in accordance with Section 123 of the Companies Act, 2013 ("the Act"), has transferred a sum of Rs. 1,59,00,000/- to the General Reserve account.

**MATERIAL CHANGE AND COMMITMENT:-**

In terms of the information required under sub-section (3)(l) of Section 134 of the Act, it is to be noted that no material changes and commitments, affecting the financial position of the Company has occurred between the end of the Financial Year of the Company to which the Financial Statements relate and to the date of the Directors Report.

**ANNUAL RETURN:-**

The Annual Return of the Company for the said financial year as required under Section 92 of the Companies (Amendment) Act, 2017 is available on the website of the Company at <https://simplehai.axisdirect.in/aboutus> and the same is enclosed as **Annexure-A**

**DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:-**

In terms of the information required under Section – 134 of the Act and Clause – 8 of the Companies (Accounts) Rules, 2014 it is to be noted that there is no significant and material order passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

**STATEMENT INDICATING DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY INCLUDING IDENTIFICATION THEREIN OF ELEMENTS OF RISK:-**

Risk Management is a key function in a Stock Broking Company. Real-time monitoring of overall exposure of the Company is required from the point of view of Risk Control. In volatile markets, robust Risk Management policies are must.

The Company has adopted a comprehensive Risk Management Policy identifying various elements of risks, risk parameters and risk containment measures. The Company has automated risk

management systems in place. The risk system monitors various trades and positions of the clients on real-time basis with the help of real time data feeds from Exchanges. The system also generates automated alerts in case of specified events based on the set parameters. A dedicated risk team monitoring the risk systems acts promptly on such alerts. The above risk processes have been put in place for Equities, Derivatives, Commodities and Currencies etc.

Client defaults in paying up the losses arising out of client positions poses significant risk, which in the opinion of the Board may threaten the existence of the Company. Other identified risks are system malfunction, black swan event, Internal as well as external frauds, adverse regulatory action against the Company etc.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:-**

The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and protected adequately.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board. A yearly presentation on Internal Financial Control Systems is also presented to Audit Committee of the Board.

#### **VIGIL MECHANISM / WHISTLE BLOWER POLICY:-**

The Company has adopted the code of conduct for employee, customers, vendors and also for its directors for the highest degree of transparency, integrity, accountability and corporate social responsibility. Any actual or potential violation of the Code would be a matter of serious concern for the Company.

The Company has also in place a Whistleblower Policy ('the Policy') which aims to set up a mechanism that enables employees to report about actual or potential illegal and/or unacceptable practices. The policy is designed to enable employees, to raise concerns to Whistleblower Committee, without revealing his/her identity, if he/she chooses to do so and to disclose information which the individual believes, shows malpractice or wrongdoing which could affect the business or reputation of the Company.

The Policy is to provide framework for an effective vigil mechanism and to provide protection to employees, customers, vendors or directors reporting genuine concerns.

Employees of the Company are encouraged to use guidance provided in the Policy for reporting all allegations of suspected improper activities to the Whistle Blower Committee by sending the members an email on [whistleblower@axissecurities.in](mailto:whistleblower@axissecurities.in)

#### **BOARD OF DIRECTORS, MEETINGS, EVALUATION ETC.:-**

##### **Board of Directors:-**

During the year under review, following are the list of Directors being appointed or resigned from the Board of the Company:

Sr. No.	Name of the Director	Status	Date of appointment/ Resignation	Designation
1	Ms. Nithya Easwaran	Resignation	12.04.2019	Independent Director
2	Mr. Pralay Mondal	Appointment	12.04.2019	Additional Director
3.	Mr. Rajiv Anand	Resignation	09.05.2019	Director
4.	Mr. Pralay Mondal	Change in Designation	07.06.2019	Director
5.	Ms. Bhumika Batra	Appointment	23.07.2019	Additional Independent Director
6.	Mr. Gop Kumar Bhaskaran	Appointment	18.10.2019	Additional Director
7.	Mr. Arun Thukral	Resignation	31.12.2019	Managing Director & CEO
8.	Mr. Gop Kumar Bhaskaran	Change in Designation	08.01.2020	Director
9.	Mr. Gop Kumar Bhaskaran	Appointment	01.01.2020	Managing Director & CEO
10.	Ms. Bhumika Batra	Change in Designation	08.01.2020	Independent Director

##### **Board Meetings:-**

During the year under review, the Board of Directors (hereinafter called as the "BOARD") met for five times viz. 12.04.2019, 16.07.2019, 24.09.2019, 18.10.2019 and 15.01.2020:

The details of the attendance of the Board are as follows:

Name of the Director	Number of Board Meetings Entitled to Attend	Number of Meetings Attended
Mr. Rajiv Anand	1	1
Mr. Pralay Mondal	4	4
Mr. Ramesh Kumar Bammi	5	4
Mr. Babu Rao Busi	5	5
Ms. Nithiya Easwaran	1	1
Ms. Bhumika Batra	3	3
Mr. Jagdeep Mallareddy	5	4
Mr. Arun Thukral	4	4
Mr. Anand Kumar Saha	5	4
Mr. Gop Kumar Bhaskaran	1	1

## COMMITTEES OF THE BOARD

### I. AUDIT COMMITTEE

During the year under review, the Audit Committee met four times viz: 12.04.2019, 16.07.2019, 18.10.2019 and 15.01.2020

The details of the attendance of the Audit Committee Members are as follows:

Name of the Director	Number of Board Meetings Entitled to Attend	Number of Meetings Attended
Ms. Nithiya Easwaran	1	1
Mr. Babu Rao Busi	4	4
Ms. Bhumika Batra	2	2
Mr. Jagdeep Mallareddy	4	3
Mr. Anand Shaha	1	0



## II. NOMINATION AND REMUNERATION COMMITTEE (NRC)

During the year under review, the Nomination and Remuneration Committee met thrice viz: 12.04.2019, 18.10.2019 and 15.01.2020.

The details of the attendance of the NRC Members are as follows:

Name of the Member	Number of Nomination and Remuneration Committee Meetings Entitled to Attend	Number of Meetings Attended
Mr. Babu Rao Busi	3	3
Mr. Rajiv Anand	1	1
Mr. Pralay Mondal	2	2
Ms. Nithiya Easwaran	1	1
Ms. Bhumika Batra	2	2

## III. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

During the year under review, the CSR Committee met two times viz: 16.07.2019 and 15.01.2020.

The details of the attendance of the CSR Committee Members are as follows:

Name of the Member	Number of CSR Committee Meetings Entitled to Attend	Number of Meetings Attended
Mr. Ramesh Kumar Bammi	2	2
Mr. Babu Rao Busi	1	1
Mr. Jagdeep Mallareddy	2	2
Mr. Arun Thukral	1	1
Mr. Gop Kumar Bhaskaran	1	1

## IV. RISK MANAGEMENT COMMITTEE (RMC)

During the year under review, the Risk Management Committee met four times viz: 11.04.2019, 15.07.2019, 17.10.2019 and 14.01.2020.

The details of the attendance of the RMC Members are as follows:

Name of the Member	Number of Board Meetings Entitled to Attend	Number of Meetings Attended
Mr. Jagdeep Mallareddy	4	4
Mr. Arun Thukral	3	3
Mr. Gop Kumar Bhaskaran	1	1
Mr. Anand Kumar Shaha	4	4

The intervening gap between the Meetings was within the period prescribed under the Act.

#### **Annual Evaluation:-**

##### **The Formal Annual Evaluation has been made as follows:-**

During the year under review, the Independent Directors of the Company met on March 16, 2020 without the attendance of Non-Independent Directors and Members of Management. At the said meeting, the Independent Directors reviewed the process adopted for conduct of Board performance evaluation as recommended by the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee (the Committee) of the Company is the nodal agency for conduct of said performance evaluation. The Committee Chairman reviewed and approved the manner for conducting the said performance evaluation and also determined the criteria for the same. The Committee Chairman had appointed an External Agency M/s. Potentia Growth Services Private Limited for evaluating the performance of the Board, Committees and Directors.

The performance evaluation of the Board was conducted on various aspects of the Board's functioning such as strategic planning, identification and management of risks, succession planning and evaluation of management, audit & compliance, governance, relationship with executive management of the Company, etc. The performance evaluation of the Committees was based on criteria such as appropriate composition, clarity in terms of reference, regularity of meetings, quality of discussion/deliberation at its meetings, participation of members etc. The performance evaluation of Directors was carried out on various criteria such as attendance, participation at the meetings, interpersonal relationship with other Directors, providing guidance, knowledge and understanding of areas relevant to the operations of the Company, etc.

The outcomes were reviewed by the Committee and the Board in their meetings held on April 20, 2020 and April 23, 2020 and their observations/ feedback were conveyed to the concerned stakeholders, for appropriate action.

#### **Declaration by Independent Director:-**

The Company has received the declarations from its Independent Directors that they meet the Criteria of Independence as laid down under Section 149(6) of the Act.

### Key Managerial Personnel:-

During the year under review, following were the changes in the Key Managerial Personnel:

Sr. No.	Name of the Key Managerial Personnel	Status	Date of appointment/ resignation	Designation
1.	Ms. Lovelina Faorz	Resignation	29/10/2019	Company Secretary
2.	Ms. Divya Poojari	Appointment	30/01/2020	Company Secretary

### SHARE CAPITAL:-

During the year, the Company has increased its Authorised Capital from INR 150 crores to INR 250 crores.

Further, there is no change in the Issued, Subscribed and Paid – up Share Capital of the Company.

### PUBLIC DEPOSITS:-

During the year under review, the Company has not accepted any deposit pursuant to Section 73 and Section 76 of the Act read with Companies (Acceptance of Deposits) Rules, 2014.

### PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTFLOWS:-

Information as per Section 134(3)(m) of the Act relating to the Conservation of Energy and Technology Absorption is not given since the Company is not engaged in any manufacturing activity.

During the year under review, the Company has spent Rs. 1,493,383 (Rupees Fourteen Lakh Ninety Three Thousand Three Hundred and Eighty Three only) in foreign exchange towards technology and other expenses. The Company has not earned any foreign exchange. The details of the Foreign exchange outflow are enclosed in **Annexure - B**.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT UNDER SECTION- 186:-

Pursuant to Section 134(3)(g) of the Act, the Company has not given any Loan, Guarantee or made Investment under Section 186 of the Act.

### PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES UNDER SUB – SECTION (1) OF SECTION 188

Information as per Section 134(3)(h) of the Act relating to the particulars of Contracts or Arrangements with Related Parties under Sub – Section (1) of Section 188 is as mentioned below:-

All Related Party Transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There were no materially significant Related Party

Transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of foreseen and repetitive in nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all Related Party Transactions are placed before the Audit Committee.

None of the Directors has any pecuniary relationship or transactions vis-à-vis the Company. The disclosure of particulars of contracts/arrangements entered into by the Company with related parties pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC – 2 is enclosed herewith as **Annexure - C**.

**PARTICULARS OF EMPLOYEES AS REQUIRED UNDER COMPANIES ACT, 2013 AND COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:-**

In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

**CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:-**

The Company recognized the importance of good corporate governance and corporate social responsibility in promoting and strengthening the trust of its clients, employees, society and other stakeholders. The Company's Corporate Social Responsibility (CSR) activities reflect its philosophy of helping to build a better, more sustainable society by taking into account the societal needs of the Community.

The Company's CSR Policy has been framed in accordance with Section 135 of the Companies Act, 2013 and the rules thereunder. The policy shall apply to all CSR programs undertaken/sponsored by the Company, executed through itself, its Holding Company's Axis Bank Foundation or through any other Trust/NGO.

As part of its initiatives under "Corporate Social Responsibility" (CSR), the Company has contributed/undertaken project namely KABIL.

Project Kabil was directed towards the following:

1. Improving the income of household by implementation of different rural livelihood interventions with two indicators:
  - a) Participating Households would be earning at least INR 75,000 pa at project level by the end of the project period.
2. Enhance technical knowledge of farmers in modern agriculture and allied activities;

3. Develop entrepreneurs from the local community for market linked livelihood development for sustainability;
4. Access government funds to livelihood activities.

KABIL project was done through Axis Bank Foundation. The said project is in accordance with Schedule VII of the Companies Act, 2013.

During the year under review, the Company has spent Rs. 1,93,66,947/- (Rupees One Crore Ninety Three Lakhs Sixty Six Thousand Nine Hundred and Forty Seven Only) towards CSR activity undertaken. For detailed report refer **Annexure –D**.

#### **POLICY OF THE NOMINATION AND REMUNERATION COMMITTEE:-**

The Company has a Nomination and Remuneration Policy formulated in compliance with Section 178 of the Act read along with the applicable rules thereto as amended from time to time. The policy shall apply to all Directors (Executive and Non-Executive), Key Managerial Personnel and Senior Management. The Policy laid down the roles of the Committee, criteria for appointment of Directors, Key Managerial Personnel and Senior Management and parameters for determining the remuneration of Directors, Key Managerial Personnel, Senior Management and other employees, etc. The policy is available on the website of the Company at:

<https://simplehai.axisdirect.in/images/RegulatoryDisclosure/Policies/NominationRemunerationPolicy.pdf>

#### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:-**

The Company has in place a policy for Prevention, Prohibition & Redressal of Sexual Harassment at workplace which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules made thereunder.

All employees are covered under this policy. The Company has constituted an Internal Complaint Committee for its Head office and branches under Section 4 of the captioned Act.

The details of the number of complaints filed and resolved during the year are as under:-

a.	Number of complaints received during the year (2019-20)	:	6
b.	Number of complaints disposed off during the year	:	5
c.	Number of cases pending for more than 90 days	:	NIL
d.	Number of workshops or awareness programs carried out against sexual harassment	:	Organized workshops & awareness programs at regular intervals.

\*Investigation of 1 case is under process.

**DIRECTORS RESPONSIBILITY STATEMENT:-**

Pursuant to sub-section (5) of Section 134 of the Act, the Board of Directors of the Company hereby state and confirm that:

- i. The applicable accounting standards have been followed in the preparation of the annual accounts and proper explanations have been furnished, relating to material departures.
- ii. Accounting policies have been selected, and applied consistently and reasonably, and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for the year ended March 31, 2020.
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The annual accounts of the Company have been prepared on a going concern basis.
- v. 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.
- vi. Proper system has been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

**COMPLIANCES:-**

The Company's policy on compliance with external regulatory requirements is backed by stringent internal policies and principles to ensure, Inter alia, priority to clients' interests over proprietary interest, maintenance of confidentiality of client information and prevention of insider trading.

**AUDITORS:-****i. Statutory Auditors:**

Pursuant to the provisions of Section 134 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the Company has re-appointed

M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, Mumbai as the Statutory Auditors of the Company to hold office from the conclusion of 12<sup>th</sup> Annual General Meeting until the conclusion of the 17<sup>th</sup> Annual General Meeting of the Company.

The Company has received the certificate of eligibility criteria under Section 141 from the Statutory Auditors.

Also, pursuant to the notification issued by MCA dated May 7, 2018, the requirement of ratifying the appointment of Statutory Auditors in every Annual General Meeting is done away.

**ii. Secretarial Auditors:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has re-appointed M/s. BNP & Associates, Practicing Company Secretaries, to undertake the Secretarial Audit of the Company for the financial year under review. The Report of the Secretarial Audit Report is annexed herewith as **Annexure - E**.

**iii. Internal Auditors:-**

Pursuant to the provisions of Section 138 of the Companies Act, 2013 and the Companies (Accounts) Rules, 2014, the Company has appointed

M/s. RVA & Associates, LLP Chartered Accountants to undertake the Internal Audit of the Company for the financial year under review.

**CORPORATE GOVERNANCE:-**

The Company's policy on Corporate Governance is as under:

- i. To enhance the long term interest of its shareholders, provide good management, adopt prudent risk management techniques and comply with the applicable regulatory requirements, thereby safeguarding the interest of its other stakeholders such as customers, employees, creditors and vendors.
- ii. To identify and recognize the Board of Directors and the Management of the Company as the principal instruments through which good corporate governance principles are articulated and implemented.
- iii. To also identify and recognize accountability, transparency and equality of treatment for all stakeholders, as central tenets of good corporate governance.

**FUTURE OUTLOOK:-**

**Retail Broking:**

Equity markets are passing through one of the worst crisis since 2008; the corona pandemic has brought the world to standstill, with disrupted economic activities and lockdown of various extents following the standard operating procedures to contain the spread. IMF expects the global economy to contract by 3%, the US economy to shrink by around 6%, Europe by 7.5%; Indian and China to grow at a measly rate of 1.9% and 1.2% respectively. According to the IMF, India is expected to recover sharply in the next fiscal year posting 7.4% GDP growth.

Back home, the economy is completely at standstill for the month of April due to extension of lockdown till May 3, 2020 though partial relaxations have been offered for essential goods industries and relatively unaffected geographies. Post resumption of normalcy, the business would start functioning keeping the social distancing norms. On account of the disruption in economic activities, the earnings cycle is expected to be impacted at least for Q1FY21 but repercussions of the fall in economic activities is expected to be seen in the financial sector as delinquencies are expected to be spread in the rest of the year.

The government has already come up with relief measures to protect the lower strata of the society and few more steps/stimulus is expected shortly to ensure continuity in businesses and protect jobs. Global lockdown led demand destruction has caused a sharp drop in crude oil prices which was already suffering from surplus supply; savings from crude oil imports would give legroom to Indian government for infrastructure investment. RBI has taken proactive measures viz., reduced the policy rates, cut CRR unlocking liquidity to mitigate the impact of COVID-19 crisis; temporary moratorium of three months on payments of installments of all term loans (home, auto, personal, agricultural, retail and crop loans) outstanding as of March 1, 2020 has also been granted. Moreover, the central bank has assured to step in as and when required to ensure economic stability and sufficient liquidity in the financial system.

Indian economy is expected to face real challenges as it exits lockdown; it would have to confront potential labour shortages as the migrant labour would have left for their home towns/villages. Getting them back at reasonable cost would be a tough challenge in the immediate future to ensure wheels of industrial economy are put in motion. In addition, the administration would have to ensure social distancing to ensure a second wave of infections, if any, does not occur. Moreover, investments in specialized medical facilities at possibly every district level would be a need of hour to attend any outbreak in future. Additional challenges like stressed corporate balance sheet esp. NBFCs, resource strapped state and weakened MSMEs would have to be dealt with adroitly. Overall, FY21 is expected to be a challenging year.

Indian Meteorological Dept. has indicated a 'normal' monsoon for 2020; good Rabi harvest and neutral ENSO cycle (indicating normal monsoon) is likely to support demand from both rural and urban economy for staples and discretionary consumption while low interest rates would augur well for autos, housing/ real estate & housing finance, banking and other interest rate sensitive sectors though capital investments are likely to be deferred given the uncertainty with demand growth. Commodity prices are expected to trade low given the demand supply mismatch thus benefiting the user industries.

Equity markets are expected to be volatile given the precarious situation of developed economies; markets are expected to be driven by global market movements and the FII buying/ selling numbers in the short term. Inadequate measures taken by developed economies (like premature opening of lockdown without precautionary steps) to contain the virus and the possibility of a second wave of increase in infection is also expected to keep the markets on its toes. Selling in large caps from the overseas ETF investors or sovereign funds from Oil rich nations would also keep the indices low in near term. Fundamentally, the recovery would happen somewhere post Q1FY21 as the market



participants factor in and look beyond the downgrades of FY21 earnings of India Inc. and start building in earnings recovery for FY22.

#### **AWARDS & RECOGNITION:-**

During the year, the Company received accolades for its initiatives. During the year, the Company has been awarded the following:

- i. Commodity and Equity Outlook 2019(CEO 2019) in June 2019 for Retail Broker of the year.

#### **SECRETARIAL STANDARDS:-**

During the year under review, the Company has complied with the applicable Secretarial Standard issued by Institute of Company Secretaries of India.

#### **ACKNOWLEDGEMENT:-**

Your Directors would like to express their gratitude for all the guidance and co-operation received from its holding company - Axis Bank Limited. Your Directors would like to place on record their gratitude to the esteemed Clients, Bankers, Financial Institutions, Suppliers, Service providers, Advisors, Securities and Exchange Board of India (SEBI), National Stock Exchange of India Limited (NSE), BSE Limited(BSE), National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL), Ministry of Corporate Affairs, Multi Commodity Exchange of India Limited (MCX), National Commodity & Derivatives Exchange Limited (NCDEX), Metropolitan Stock Exchange of India Limited (MSEI), Insurance Regulatory and Development Authority(IRDA), Central, State and Local Government Departments for their continued support and cooperation.

The Directors also express their warm appreciation to all the employees of the Company for their diligence and contribution.

**For and on Behalf of the Board of Directors**

**Pralay Mondal**  
Chairman  
**DIN:** 00117994

**Address:** Flat No. 1901 & 1902, Wing E,  
Rustomjee Paramount, 18th Road,  
Vithaldas Nagar, Khar West, Mumbai 400052

Place : Mumbai  
Date : April 23, 2020

**Form No. MGT-9**  
**Annexure A**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on March 31, 2020**

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

**I. REGISTRATION AND OTHER DETAILS**

i.	CIN	:	U74992MH2006PLC163204
ii.	Registration Date	:	21/07/2006
iii.	Name of the Company	:	Axis Securities Limited
iv.	Category / Sub-Category of the Company	:	Public Unlisted Company
v.	Address of the Registered office and contact details	:	Axis House, 8 <sup>th</sup> Floor, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai – 400 025, Maharashtra, India Telephone No - 022 24252009 Email id – Divya.Poojari@axissecurities.in
vi.	Whether listed company	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	M/s. Karvy Computershare Private Limited Karvy Selenium Tower- B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 008, India. Telephone No. : +91 040 67161604

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1.	Business Sourcing and Resource Management	99831130	12.72%
2.	Brokerage on Securities	99715210	87.28%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	<b>Axis Bank Limited</b> Trishul, 3 <sup>rd</sup> Floor, Opp. Samartheshwar Temple, Law Garden Ellisbridge, Ahmedabad – 380006	L65110GJ1993PLC020769	Holding	99.999958 %	2(46)

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i. Category - wise Share Holding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				%change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual / HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	144,499,940	-	144,499,940	99.999958%	144,499,940	-	144,499,940	99.999958%	NIL
f) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):</b>	144,499,940	-	144,499,940	99.999958%	144,499,940	-	144,499,940	99.999958%	NIL
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total share-holding of Promoter (A) = (A)(1)+(A)(2)</b>	144,499,940	-	144,499,940	99.999958%	144,499,940	-	144,499,940	99.999958%	NIL

<b>B. Public Share-holding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/ FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	60	-	60	0.000042%	60	-	60	0.000042%	NIL
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others(specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total(B)(2):-</b>	60	-	60	0.000042%	60	-	60	0.000042%	NIL
<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)</b>	60	-	60	0.000042%	60	-	60	0.000042%	NIL
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	144,500,000	-	144,500,000	100%	144,500,000	-	144,500,000	100%	-

**ii. Share Holding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total Shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total Shares	
1.	Axis Bank Limited	144,499,940	99.999958 %	–	144,499,940	99.999958 %	–	–
	<b>Total</b>	<b>144,499,940</b>	<b>99.999958 %</b>	<b>–</b>	<b>144,499,940</b>	<b>99.999958 %</b>	<b>–</b>	<b>–</b>

**iii. Change in Promoters' Shareholding (please specify, if there is no change): NO CHANGE**

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	–	–	–	–
2.	Datewise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	–	–	–	–
3.	At the End of the year	–	–	–	–

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

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of year	40	0.000028%	40	0.000028%
2.	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):	<b>09/05/2019</b> Mr. Rajiv Anand Directors holding 10 Shares resigned as the Directors of the Company <b>22/05/2019</b> *10 Equity Shares held by Mr. Arun Thukral were trans fered to Mr. Himadri Chaterjee		10	0.000007%

		<b>05/12/2019</b> <b>*10 Equity Shares</b> held by Mr. Cyril Anand were transferred to Mr. Pralay Mondal (Director) <b>02/03/2020</b> <b>*10 Equity Shares</b> held by Mr. Jairam Sridharan were transferred to Mr. Ravi Narayan	0	0	0
			0.000007%	10	0.000007%
3.	At the End of the year (or on the date of separation, if separated during the year)	50	0.000035%	40	0.000035%

**v. Shareholding of Directors and Key Managerial Personnel:**

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	20	0.000014%	20	0.000014%
2.	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	<b>09/05/2020</b> Mr. Rajiv Anand Director holding 10 shares resigned as the Director of the Company <b>22/05/2019</b> <b>*10 Equity Shares</b> held by Mr. Arun Thukral were transferred to Mr. Himadri Chatterjee <b>05/12/2019</b> <b>*10 Equity Shares</b> held by Mr. Cyril Anand were transferred to Mr. Pralay Mondal (Director)	0.000007%	10	0.000007%
3.	At the End of the year	10	0.000007%	10	0.000007%

**V. INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>	–	–	–	–
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	–	–	–	–
<b>Change in Indebtedness during the financial year</b>				
• Addition	–	–	–	–
• Reduction	–	–	–	–
<b>Net Change</b>	–	–	–	–
<b>Indebtedness at the end of the financial year</b>	–	–	–	–
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	–	–	–	–

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Figures is Rs.)

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount
		<b>Arun Thukral, Managing Director &amp; CEO (01.04.2019- 31.12.2019)</b>	<b>Gop Kumar Bhaskaran, Managing Director &amp; CEO</b>	<b>Anand Kumar Shaha, Whole-Time Director</b>	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14,072,123	10,427,788	9,425,068	3,39,24,979
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option				
3.	Sweat Equity				

4.	Commission - as % of profit - others, specify....	- -	- -	- -	
5.	Others, please specify	-	-	-	
	Total (A)	<b>14,072,123</b>	<b>10,427,788</b>	<b>9,425,068</b>	<b>3,39,24,979</b>
	Ceiling as per the Act	5% of the net Profit		5% of the net Profit	10% of the net Profit

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Rajiv Anand	Pralay Mondal	Babu Rao Busi	Nithya Easwaran	Bhumika Batra	Ramesh Kumar Bammi	Jagdeep Malla-reddy	
1.	Independent Directors • Fee for attending Board & Committee meetings • Commission • Others, please specify	-	-	6,50,000	1,50,000	3,50,000	300,000	-	14,50,000
	Total (1)	-	-	6,50,000	1,50,000	3,50,000	300,000	-	14,50,000
2.	Other Non-Executive Directors • Fee for attending Board & Committee meetings • Commission • Others, please specify								
	Total (2)	-							
	Total (B)=(1+2)	-	-	6,50,000	1,50,000	3,50,000	300,000	-	14,50,000
	Total Managerial Remuneration	-							
	Overall Ceiling as per the Act	-	-	-	-	-	-	-	1% of the net profit



C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD (Figures in Rs.)

Sr. no.	Particulars of Remuneration	Key Managerial Personnel				
		CEO	Ms. Lovelina Faroz, Company Secretary 01.04.2019	Mr. Divya Poojari, Company Secretary 30.01.2020-31.03.2020	Mr. Hemant Patel, CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	9,69,514	3,03,992	58,66,047	71,39,553
2.	Stock Option	-	-	-	-	
3.	Sweat Equity	-	-	-	-	
4.	Commission - as % of profit - others, specify....	- -	- -	- -	- -	
5.	Others, please specify	-	-	-	-	
	<b>Total</b>	-	9,69,514	3,03,992	58,66,047	71,39,553

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

**ANNEXURE-B**
**PARTICULARS OF FOREIGN EXCHANGE OUTFLOWS**

Name of the Party	Particulars of Purpose	Amount of outflow (in Rupees) FY 2019-20
Logmein Ireland Limited	Membership and subscription	558,499
Screener	Membership and subscription	300,000
Apnic Pty Ltd Australia	Membership and subscription	90,159
CHART IQ	Membership and subscription	544,725
<b>Total</b>		<b>1,493,383</b>

**For and on Behalf of the Board of Directors**

**Pralay Mondal**

Chairman

**DIN:** 00117994

**Address:** Flat No. 1901 & 1902, Wing E,  
Rustomjee Paramount, 18th Road,  
Vithaldas Nagar, Khar West, Mumbai 400052

Place : Mumbai

Date : April 23, 2020

**ANNEXURE - C**
**FORM AOC - 2**

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis

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

2. Details of material contracts or arrangement or transactions at arm's length basis

a)	Name (s) of the related party and nature of relationship	:	1. Axis Finance Limited (Group Company) 2. Axis Asset Management Company Limited (Common director / Group Company) 3. Axis Bank Limited (Holding Company) 4. Axis Capital Limited (Group Company)
b)	Nature of contracts/arrangements/transactions	:	1. Availing and Rendering of services 2. Availing and Rendering of services 3. Availing and Rendering of services & Sale, Purchase or supply of any goods or materials

		4. Availing and Rendering of services
c)	Duration of the contracts / arrangements / transactions	: 1. Continuous 2. Continuous 3. Continuous 4. Continuous
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	: 1. Refer Financial statements
e)	Date (s) of approval by the Board, if any	: 12.04.2019 & 18.10.2019
f)	Amount paid as advances, if any	: NIL

**For and on Behalf of the Board of Directors**

**Pralay Mondal**

Chairman

**DIN:** 00117994

**Address:** Flat No. 1901 & 1902, Wing E,  
Rustomjee Paramount, 18th Road,  
Vithaldas Nagar, Khar West, Mumbai 400052

Place : Mumbai

Date : April 23, 2020

**ANNEXURE - D**
**Annual Report on CSR Initiatives Pursuant to Section 135 of the Act & Rules made thereunder**

1.	Brief Outline of the CSR Policy	:	The Company's Corporate Social Responsibility (CSR) activities reflect its philosophy of helping to build a better, more sustainable society by taking into account the societal needs of the Community. For detailed policy, please refer our website : <a href="http://www.axissecurities.in">www.axissecurities.in</a>
2.	The Composition of the CSR Committee	:	Mr. Ramesh Kumar Bammi – Chairman Mr. Gop Kumar Bhaskaran – Member Mr. Jagdeep Mallareddy – Member Ms. Babu Rao Busi – (Member Independent Director)
3.	Average Net Profit of the Company for last 3 financial years	:	₹ 968,347,370/-
4.	The Prescribed CSR expenditure (2% of amount)	:	₹ 1,93,66,947/-
5.	Details of CSR activities/projects undertaken during the year : a. Total amount to be spent for the financial year b. Amount unspent, if any c. Manner in which the amount spent during the financial year	:	₹ 1,93,66,947/- NIL Annexure D. 1
6.	Reason for not spending the amount	:	NIL
7.	Responsibility statement by the CSR Committee that the CSR Committee states that the implementation and monitoring of the CSR Policy, is in compliance with CSR objectives and Policy of the Company	:	The CSR Committee confirms that the implementation and monitoring of the CSR Policy, is in compliance with the CSR objectives and Policy of the Company.

**ANNEXURE - D1**

c. Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) projects or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency
1.	Rural Livelihood mission-Kabil	Livelihood enhancement projects	Guwahati	₹ 1,93,66,947	₹ 1,93,66,947	₹1,93,66,947	Through implementing agency

**Ramesh Kumar Bammi**  
**Chairman, CSR Committee**  
**DIN: 03411046**  
**Address:** S 285, Third Floor,  
 Greater Kailash,  
 Part 2, New Delhi 110048

Place : New Delhi  
 Date : April 23, 2020

**Gopkumar Bhaskaran**  
**Managing Director & CEO**  
**DIN: 07223999**  
**Address:** Flat No. 1303/13 Floor,  
 D Wing, RNA Continental,  
 Chembur East, Mumbai - 400071

Place : Mumbai  
 Date : April 23, 2020

Form No. MR-3  
SECRETARIAL AUDIT REPORT

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018**

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

To  
**The Members,**  
**Axis Securities Limited**

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Axis Securities Limited. **CIN No- U74992MH2006PLC163204** (hereinafter called the 'Company') during the financial year from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020, ('the year' / 'audit period' / 'period under review').

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

We are issuing this report based on :

- (i) our **verification** of the books, papers, minute books, soft copy as provided by the company and other records maintained by the company and furnished to us, forms/ returns filed and compliance related action taken by the company during the financial year ended 31<sup>st</sup> March 2020 as well as before the issue of this report,
- (ii) Our **observations shared** during our visits to the Corporate office of the Company,
- (iii) **Compliance Certificates** confirming Compliance with all laws applicable to the company given by Key Managerial Personnel / senior managerial Personnel of the company and taken on record by Audit Committee / Board of Directors, and
- (iv) **Representations** made, documents shown and information provided by the company, its officers, agents, and authorised representatives during our conduct of secretarial Audit.

We hereby report that in our opinion, during the audit period covering the financial year ended on 31<sup>st</sup> March 2020 the Company has:

- (i) complied with the statutory provisions listed hereunder, and
- (ii) Board-processes and compliance mechanism are in place to the extent, in the manner and subject to the reporting made hereinafter.

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

## 1. Compliance with specific statutory provisions

We further report that:

1.1 We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions/clauses of:

- (i) The Companies Act, 2013 and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'):
  - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
  - (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 (Stock Brokers) Regulations, 1992;
  - (d) The Securities and Exchange Board of India (Research Analysts) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Portfolio Managers) Regulation, 1993.
- (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 31<sup>st</sup> March, 2020 but before the issue of this report, the company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us :

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



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

- (a) The Act and rules mentioned under paragraph 1.1 (i);
- (b) The Secretarial standards on meetings of the Board of Directors (SS-1) and Secretarial standards on General Meetings (SS-2) mentioned under paragraph 1.1 (vi) above to the extent applicable to Board meetings held during the year, the 13<sup>th</sup> Annual General Meeting held on 7<sup>th</sup> June 2019 and Extra Ordinary General Meeting held on September 25, 2019 and January 8, 2020 and the resolution passed by circulation. The Compliance of the provisions of the Rules made under the Act [paragraph 1.1(i)] and SS-1 [paragraph 1.1(vi) with regard to the Board meetings held through video conferencing on various dates were verified based on the minutes of the meetings , shown to us , by the company.

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

- (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (iii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (iv) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (vi) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (vii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
- (viii) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

1.4 There was no other law that was specifically applicable to the company, considering the nature of its business. Hence the requirement to report on compliance with any other specific law under paragraphs 1.1 and 1.2 above did not arise.

## 2. Board processes:

We further report that:

### 2.1 The Board of Directors of Company as on 31<sup>st</sup> March, 2020 comprised of:

- (i) Two Executive Director,
- (ii) Three Non-Executive Non Independent Director, and
- (iii) Two Non-Executive Independent Directors, including a woman Independent Director

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

- (i) Re-appointment of Mr Arun Thukral (DIN:03043072) as MD & CEO for term of three years from May 25, 2019 to May 24, 2022 was approved at board meeting held on April 12, 2019.
- (ii) Appointment of Mr Pralay Mondal (DIN: 00117994 ) as Additional Director of the company was approved at the board meeting held on April 12, 2019 and the appointment was regularised at 13<sup>th</sup> AGM
- (iii) Resignation of Ms Nithya Eswaran(DIN:03605392), ID of the company was received on April 12, 2019
- (iv) Resignation of Mr Rajiv Anand(DIN:02541753) as Director of the company was accepted by company on May 9, 2019 & Noted by passing circular resolution on May 13, 2019
- (v) Resignation of Ms Lovelina Faroz, Company Secretary of the company was received by the company on July 30, 2019 and was effective from October 29, 2019
- (vi) Appointment of Ms Bhumika Batra (DIN: 03502004) as additional director(Independent) of the company was approved at the board meeting held on July 16, 2019 and the appointment was regularised at the Extra-ordinary General Meeting held on January 8, 2020
- (vii) Re-appointment Mr Jagdeep Mallareddy (DIN: 07492539 ) as Director retiring by rotation at 13<sup>th</sup> AGM,
- (viii) Appointment of Mr. Gopkumar Bhaskaran (DIN:07223999 ) as MD & CEO for term starting from January 1, 2020 to December 31, 2022 was approved at board meeting held on October 18, 2019 and was approved by the shareholders at the Extra-ordinary General Meeting held on January 8, 2020

- (ix) Resignation of Mr Arun Thukral (DIN:03043072 ) as MD & CEO with effect from December 31, 2019 was taken on record at the board meeting held on October 18, 2019.
  - (x) Re-appointment of Mr Anand Kumar Saha (DIN: 02421213) as WTD & KMP for term of three years from March 1, 2020 to February 28, 2023 was approved at board meeting held on January 15, 2020
  - (xi) Appointment of Ms Divya Poojari as Company Secretary was approved by board of directors at the board meeting held on January 15, 2020 and was effective from January 30, 2020
- 2.3 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings, except for one meeting which was convened at a shorter notice to transact urgent business.
- 2.4 Notice of Board meetings was sent to directors at least seven days in advance as required under Section 173(3) of the Act and SS-1.
- 2.5 Agenda and detailed notes on agenda were sent to the directors at least seven days before the board meetings.
- 2.6 Agenda and detailed notes on agenda for the following items were either circulated separately less than seven days before or at the Board meetings and consent of the Board for so circulating them was duly obtained as required under SS-1:
- (i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited financial statement/results, unaudited financial results and connected papers, and
  - (ii) Additional subjects/information/presentations and supplementary notes.
- 2.7 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.
- 2.8 We note from the minutes verified that, at the Board meetings held during the year:
- (i) Majority decisions were carried through; and
  - (ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.

### **3. Compliance mechanism**

There are reasonably adequate systems and processes in the company, commensurate with the company's size and operations, to monitor and ensure compliance with applicable laws,

rules, regulations and guidelines. There is scope for further improvement in the compliance systems and processes, Commensurate with the increasing statutory requirements and growth in operations.

#### **4. Specific events/ actions**

4.1 During the year, 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:

- (i) Approval of members was accorded by way of ordinary resolution passed at Extra Ordinary General Meeting held on September 25, 2019 to Increase the Authorised Share Capital of the company from 150 crore to 250 crore
- (ii) Approval of members was accorded by way of special resolution passed at Extra Ordinary General Meeting held on September 25, 2019 for Alteration of Memorandum of Association & Alteration of Association.

**For BNP & Associates  
Company Secretaries**

**Place : Mumbai  
Date : 30.04.2020**

**B. Narasimha  
Partner  
FCS 1303/C.P. No. 10440  
Peer Review No-637/2019  
UDIN- F001303B000190151  
Firm Reg No-P2014MH037400**

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

## Annexure A

To,  
The Members,  
Axis Securities Limited

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

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the company after 31<sup>st</sup> March 2020 but before the issue of this report.
4. we have considered compliance related actions taken by the company based on independent legal /professional opinion obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the company on a test basis. We believe that the processes and practices we followed, provides a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
7. we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit Report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For BNP & Associates  
Company Secretaries**

Place : Mumbai  
Date : 30.04.2020

**B. Narasimha  
Partner  
FCS 1303/C.P. No. 10440  
Peer Review No-637/2019  
UDIN- F001303B000190151  
Firm Reg No-P2014MH037400**

## INDEPENDENT AUDITORS' REPORT

To the Members of Axis Securities Limited

### Report on the Financial Statements

#### Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

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

#### Other Information

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

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

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

#### Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash

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

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

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

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

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

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

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

exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;



- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 34 to the Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

**per Jitendra H. Ranawat**  
Partner  
Membership No.: 103380  
Place of Signature : Mumbai  
Date : 23 April 2020

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

**Re: Axis Securities Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and location of fixed assets.
- (i) (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (i) (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment/ fixed assets of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company holds securities in dematerialized form. The Company is maintaining proper records for securities held as stock in trade and no material discrepancies were noticed on comparing the statement from custodian and physical shares with book records.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanation given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, goods & services tax and other statutory dues applicable to it. The provisions relating to employees' state insurance, duty of customs, duty of excise, value added tax and cess are not applicable to the Company.
- (vii) (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, goods & services tax and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to employees' state insurance, duty of customs, duty of excise, value added tax and cess are not applicable to the Company.

- (vii) (c) According to the records of the Company, the dues of income-tax, goods and service tax, and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount ** (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax	Penalty	2,79,94,887	2013-14	Commissioner of Income tax

As informed, provision of sales tax, customs duty, wealth tax and excise duty are currently not applicable to the company.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments) and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanation given by the management, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xi) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting requirements under clause 3(xiv) are not applicable to the Company not commented upon.

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

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

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number : 301003E / E300005

**per Jitendra H. Ranawat**

Partner

Membership Number : 103380

Place of Signature : Mumbai

Date : April 23, 2020

**“ANNEXURE 2” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AXIS SECURITIES LIMITED**

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

**To the Members of Axis Securities Limited**

We have audited the internal financial controls over financial reporting of Axis Securities Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

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

### **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per **Jitendra H. Ranawat**  
Partner  
Membership Number : 103380  
Place of Signature : Mumbai  
Date : April 23, 2020

**Balance sheet as at 31 March 2020**

<b>PARTICULARS</b>	<b>Notes</b>	<b>31 March 2020 (₹ in Lakhs)</b>	<b>31 March 2019 (₹ in Lakhs)</b>
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalent	3	12,237	8,588
Bank balances other than (3 above)	4	24,400	13,187
<b>Receivables</b>			
(i) Trade receivables	5	2,796	5,311
(ii) Other receivables		–	–
Loans	6	4,298	10,263
Other financial assets	7	6,281	1,748
<b>Total Financial assets</b>		<b>50,012</b>	<b>39,097</b>
<b>Non - Financial assets</b>			
Current tax assets (net)	8	2,850	2,816
Deferred tax asset (net)	9	504	1,204
Property, plant and equipment	10	1,218	1,031
Right-of-use-asset		1,305	–
Capital work in progress	10	–	35
Intangible assets under development	10	235	42
Intangible assets	10	1,497	1,386
Other non financial assets	11	883	518
<b>Total Non- Financials assets</b>		<b>8,492</b>	<b>7,032</b>
<b>Assets included in disposal group in accordance with Ind As 105</b>		<b>–</b>	<b>15,504</b>
<b>Total Assets</b>		<b>58,504</b>	<b>61,633</b>

**Balance sheet cntd....**

PARTICULARS	Notes	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
<b>LIABILITIES AND EQUITY</b>			
<b>Financial liabilities</b>			
Payables			
Trade payables	12	19,826	11,928
Lease Liabilities		1,651	124
Other financial liabilities	13	192	92
<b>Total Financials liabilities</b>		<b>21,669</b>	<b>12,144</b>
<b>Non - Financial liabilities</b>			
Provisions	14	3,337	2,108
Other non-financial liabilities	15	1,916	3,575
<b>Total Non-Financials liabilities</b>		<b>5,253</b>	<b>5,683</b>
<b>Equity</b>			
Equity share capital	16	14,450	14,450
Other Equity	17	17,132	18,547
<b>Total Equity</b>		<b>31,582</b>	<b>32,997</b>
Liabilities included in disposal group in accordance with Ind AS 105		–	10,809
<b>Total Equity &amp; Liabilities</b>		<b>58,504</b>	<b>61,633</b>

**Significant accounting Policies**
**2.1**

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R.Baltiboi &amp; Co. LLP

Firm Registration No.: 301003E/E300005

Chartered Accountants

For and on behalf of the Board of Directors

Pralay Mondal  
Chairman  
DIN No: 00117994

per Jitendra H. Ranawat  
Partner  
Membership No. : 103380

Gopkumar Bhaskaran  
Managing Director & CEO  
DIN No: 07223999

Anand Shaha  
Whole-Time Director  
DIN No: 02421213

Place : Mumbai  
Date : 23 April 2020

Hemantkumar Patel  
Chief Financial Officer  
PAN: AGOPP9611N

Divya Poojari  
Company Secretary  
PAN: BIJPP6102N



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

<b>PARTICULARS</b>	<b>Notes</b>	<b>Year ended 31 March, 2020 (₹ in Lakhs)</b>	<b>Year ended 31 March, 2019 (₹ in Lakhs)</b>
<b>Continuing operation</b>			
<b>Revenue from operations</b>			
Brokerage income		13,888	15,970
Interest on delayed payment		1,845	1,793
Other operating income		3,856	1,265
<b>Total Revenue from operations</b>		<b>19,589</b>	<b>19,028</b>
Other income	<b>18</b>	1,329	816
<b>Total Income</b>		<b>20,918</b>	<b>19,844</b>
<b>Expenses:</b>			
Employee benefit expense	<b>19</b>	7,413	9,528
Depreciation amortization and Impairment expense	<b>20</b>	1,438	1,063
Finance charges	<b>21</b>	363	227
Other expenses	<b>22</b>	4,215	4,475
<b>Total expenses</b>		<b>13,429</b>	<b>15,293</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>7,489</b>	<b>4,551</b>
<b>Exceptional items</b>		<b>2,845</b>	<b>-</b>
<b>Profit before tax</b>		<b>4,644</b>	<b>4,551</b>
<b>Tax expense:</b>			
Current tax		(1,424)	(1,939)
Deferred tax		(804)	315
<b>Total tax</b>		<b>(2,228)</b>	<b>(1,624)</b>
<b>Profit for the year from continuing operation</b>		<b>2,416</b>	<b>2,927</b>
<b>Discontinued operations</b>			
Profit before tax for the year from discontinued operations		665	6,693
Tax income/(expense) of discontinued operations		(183)	(2,408)
Deferred tax		-	50
<b>Profit for the year from discontinued operations</b>		<b>482</b>	<b>4,335</b>
<b>Profit for the year</b>		<b>2,898</b>	<b>7,262</b>
<b>Other comprehensive income (OCI)</b>			
(A) (i) Items that will be reclassified to profit or loss			
(B) (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined employee benefit plan		(100)	269
(ii) Income tax relating to items that will not be reclassified to profit or loss		(64)	(81)

**Statement of Profit and Loss cntd....**

PARTICULARS	Notes	Year ended 31 March, 2020 (₹ in Lakhs)	Year ended 31 March, 2019 (₹ in Lakhs)
Other comprehensive income for the year, net of income tax		(164)	189
Total comprehensive income for the year, net of tax attributable to:		<u>2,734</u>	<u>7,451</u>
Profit for the year		2,898	7,262
Attributable to:			
Equity holders of the parent		2,898	7,262
Total comprehensive income for the year		2,734	7,451
Attributable to:			
Equity holders of the parent		2,734	7,451
Earnings per equity share (nominal value of share ₹10) (31 March 2019: ₹10)]			
Basic		1.56	2.16
Diluted		1.56	2.16
Earnings per equity share for discontinued operations (nominal value of share ₹10) (31 March 2019: ₹10)]			
Basic		0.33	3.00
Diluted		0.33	3.00
Earnings per equity share for continuing operations and discontinued operations (nominal value of share ₹10) (31 March 2019: ₹10)]			
Basic		1.89	5.16
Diluted		1.89	5.16

Significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R.Baltiboi & Co. LLP

Firm Registration No.: 301003E/E300005

Chartered Accountants

For and on behalf of the Board of Directors

Pralay Mondal  
Chairman  
DIN No: 00117994

per Jitendra H. Ranawat  
Partner  
Membership No. : 103380

Gopkumar Bhaskaran  
Managing Director & CEO  
DIN No: 07223999

Anand Shaha  
Whole-Time Director  
DIN No: 02421213

Place : Mumbai  
Date : 23 April 2020

Hemantkumar Patel  
Chief Financial Officer  
PAN: AGOPP9611N

Divya Poojari  
Company Secretary  
PAN: BIJPP6102N

**Cash flow statement for the year ended 31 March 2020**

<b>PARTICULARS</b>	<b>Year Ended 31 March, 2020 (₹ in Lakhs)</b>	<b>Year Ended 31 March, 2019 (₹ in Lakhs)</b>
<b>Cash flow from operating activities</b>		
Profit before taxes from continuing operations	4,644	4,551
Profit/(loss) before tax from discontinued operations	665	6,693
<b>Profit before tax</b>	<b>5,309</b>	<b>11,244</b>
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation and impairment of property, plant and equipment	1,367	925
Amortisation and impairment of intangible assets	525	450
Gain on disposal of investment	(129)	(175)
Loss on disposal of property, plant and equipment	52	92
Interest income	(1,189)	(1,028)
Provision for doubtful debts	53	63
Prepaid rent	–	14
Provision for employee cost - ESOP	115	155
Finance costs	363	218
	<b>6,466</b>	<b>11,958</b>
<b>Working capital adjustments:</b>		
Decrease / (increase) in other financial asset	(4,532)	(9)
Decrease / (increase) in other assets	4,427	3,825
Decrease / (increase) in other non financial asset	(32)	0
Decrease / (increase) in Loans	5,941	1,200
Decrease / (increase) in trade receivables	2,515	(8,366)
Decrease / (increase) in other financial liabilities	100	(15)
Increase / (decrease) in long term provisions	1,536	90
Increase / (decrease) in net employee defined benefit liabilities	(47)	(80)
(Decrease) / increase in other non financial liabilities	(7,793)	(12)
Decrease / (increase) in employee benefit	–	39
(Decrease) / increase in Liabilities for Statutory dues	–	369
Increase / (decrease) in trade payables	7,898	1,708
Increase / (decrease) in provisions	806	592
Increase / (decrease) in net employee defined benefit liabilities	(171)	(128)
<b>Cash generated from operations</b>	<b>17,114</b>	<b>11,171</b>
Income tax paid	(1,641)	(3,289)
<b>Net cash flows from operating activities</b>	<b>15,473</b>	<b>7,882</b>

**Cash flow statement cntd....**

<b>PARTICULARS</b>	<b>Year Ended 31 March, 2020 (₹ in Lakhs)</b>	<b>Year Ended 31 March, 2019 (₹ in Lakhs)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(835)	(533)
Purchase of other Intangible assets	(581)	(578)
Right of use asset	(1,305)	–
Proceeds from sale of property, plant and equipment & other Intangible assets	1,027	40
Investment in bank fixed deposit under lien with exchange	(15,132)	(4,594)
Investment in mutual funds	(79,530)	(1,34,679)
Redemption of mutual funds	79,716	1,36,154
Interest received (finance income)	1,276	997
<b>Net cash flows used in investing activities</b>	<b>(15,364)</b>	<b>(3,193)</b>
<b>Financing activities</b>		
Finance charges	(231)	(186)
Interest paid on lease liabilities	(132)	–
Repayment of lease liabilities	2,961	–
Proceeds from issuance of commercial paper	–	2,500
Redemption of commercial paper	–	(5,000)
Dividend paid (including distribution tax)	(4,007)	–
<b>Net cash flows from/(used in) financing activities</b>	<b>(1,409)</b>	<b>(2,686)</b>
Net increase in cash and cash equivalents	(1,300)	2,003
Cash and cash equivalents at the beginning of the year	13,537	11,534
Cash and cash equivalents at year end	<b>12,237</b>	<b>13,537</b>
<b>Components of cash and cash equivalents as at 31st March 2020</b>		
Cash in hand	–	–
With scheduled bank -		
On current account	12,235	6,376
On fixed deposit account	–	7,160
Balance in prepaid cards	2	1
<b>Total</b>	<b>12,237</b>	<b>13,537</b>

The accompanying notes are an integral part of the financial statements. **2.1**

As per our report of even date

For S.R.Baltiboi &amp; Co. LLP

Firm Registration No.: 301003E/E300005

Chartered Accountants

For and on behalf of the Board of Directors

Pralay Mondal  
Chairman  
DIN No: 00117994

per Jitendra H. Ranawat  
Partner  
Membership No. : 103380

Gopkumar Bhaskaran  
Managing Director & CEO  
DIN No: 07223999

Anand Shaha  
Whole-Time Director  
DIN No: 02421213

Place : Mumbai  
Date : 23 April 2020

Hemantkumar Patel  
Chief Financial Officer  
PAN: AGOPP9611N

Divya Poojari  
Company Secretary  
PAN: BIJPP6102N

## Notes forming part of the financial statements

### 1.1 Corporate Information

Axis Securities Limited ('the Company') is public company domiciled in India and is incorporated under the provision of Companies Act applicable in India. The Company is engaged in the business of broking, distribution of financial products and advisory services. The company is an unlisted public limited Company and is a wholly owned subsidiary of Axis Bank Limited (the "Parent").

### 2. Basis of preparation

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 Companies Act, 2013 as amended from time to time that are required to comply with IND AS as notified under Section 133 of Companies Act, 2013 and other relevant provisions of the Act. The Statement of Cash Flows has been presented as per the requirements of IND AS 7 Statement of Cash Flows. The financial statements have been prepared under the historical cost convention and on accrual basis, except for certain financial assets and liabilities, defined benefit-plan liabilities and share based payments being measured at fair value. These financial statements are presented in Indian Rupees (INR)/₹, which is also its functional currency and all values are rounded to nearest Lakhs except when otherwise indicated.

#### 2.1 Significant accounting policies

##### i. Use of estimates

The preparation of the financial statements in conformity with the Ind AS requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the end of the reporting period. Actual results could differ from those estimates. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.

##### ii. Financial instruments

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

##### a) Date of recognition

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

## Notes forming part of the financial statements

### b) Initial recognition, classification and subsequent measurement of financial assets

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

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

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

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

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

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

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

### iii. Classification of financial liabilities

The Company classified all financial liabilities as subsequently measured at amortized cost.

#### Initial and Subsequent measurement of Financial Liability

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

Initial recognition and subsequent measurement of financial liability is based on their classification.

#### De-recognition

#### De-recognition of financial assets

#### A financial asset is derecognized only when:

- The Company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.
- Where the entity has transferred an asset, the entity evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

## Notes forming part of the financial statements

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

### De-recognition of financial liabilities

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

#### iv. Reclassification of financial assets and financial liabilities

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

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

#### Further re- classification is not allowed in following cases;

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

#### v. Impairment of financial assets

##### A) Trade receivables

The Company applies the Ind AS 109 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance (ECL) for all trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on average of historical loss rate adjusted to reflect current and available forward-looking information affecting the ability of the customers to settle the receivables. The Company has also computed expected credit loss due to significant delay in collection.

##### B) Other Financial Assets

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that

## Notes forming part of the financial statements

there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL. Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument. ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

### vi. 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 market participant that would use the asset in its highest and best use.

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

### Fair value hierarchy

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



## Notes forming part of the financial statements

measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

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

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

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

### vii. Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis

Or

The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy

Or

The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or finance cost, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

### viii. Revenue recognition

Revenue (other than for those items to which IND AS 109 Financial Instruments are applicable) is measured at fair value of 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 ASs.

## Notes to financial statements for the year ended 31 March, 2020

The Company recognises revenue from contracts with customers based on five step model as set out in IND AS 115 :

Step 1: Identify Contract(s) with a customer :

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract :

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 : Determine the transaction price :

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

Step 4 : Allocate the transaction price to the performance obligations in the contract :

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

Step 5 : Recognise revenue when (or as ) the company satisfies performance obligation.

### a. Business sourcing and resource management

The Company recognises the fee income on periodic bases based on the quantum of services provided at agreed rates.

### b. Brokerage fee income

Revenue recognition for brokerage fees can be divided into the following two categories:

#### 1) Brokerage fees – point in time

Brokerage income on securities is recognized as per contracted rates at the execution of transactions on behalf of the customers on the trade date.

#### 2) Brokerage fees – over time

Fees earned for the provision of services are recognised over time as the customer simultaneously receives and consumes the benefits, as the services are rendered. These include brokerage fees which is fixed at inception irrespective of number of transaction executed. The revenue for such contracts is recognised on consumption of benefits and the balance unutilized plan value is recognised on maturity/ validity of plan.

### c. Selling commissions/ brokerage generated from primary market operations i.e. procuring subscriptions from investors for public offerings of companies, mutual funds etc are recorded on determination of the amount due to the company, once the allotment of securities are completed.

## Notes to financial statements for the year ended 31 March, 2020

### d. Depository fees

Depository fees are recognized on completion of the transaction.

### e. Portfolio management fees

Portfolio management fees are recognised when corpus is offered for investment by the customer. Subsequently fees are charged at contracted rates periodically.

Further, fees are charged on withdrawal of invested funds before a specified period.

### f. Interest

The Company calculates interest income by applying the (Effective Interest Rate) EIR to the gross carrying amount of loans other than credit-impaired loans.

### g. Income from investments

Income from sale of investments is determined on weighted average basis and recognised on the trade date basis.

### h. Financial risk management objectives and policies

#### (A) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises following types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings.

#### (i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk arising mainly from borrowings with floating interest rates. The Company is exposed to interest rate risk because the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates. The Company manages the interest rate risks by maintaining a debt portfolio comprising a mix of fixed and floating rate borrowings.

At the reporting date, the interest profile of the Company's borrowings is as follows:

#### Exposure to interest rate risk

	March 31, 2020	March 31, 2019
Fixed rate borrowings	–	–
Variable rate borrowings	9.80%	9.70%
Total borrowings	9.80%	9.70%

## Notes to financial statements for the year ended 31 March, 2020

### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/ decrease in basis points	Effect on profit before tax
31-Mar-19	0.45	0.16
31-Mar-20	0.10	0.03

### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at each reporting date, the Company does not have exposure in foreign currency, therefore it is not exposed to currency risk.

## (B) Credit Risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counter parties, and by monitoring exposures in relations to such limits. The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented in the financial statements. The Company's major classes of financial assets are cash and cash equivalents, loans, term deposits, trade receivables and security deposits. Cash and cash equivalents and term deposits with banks are considered to have negligible risk or nil risk, as they are maintained with high rated banks/financial institutions as approved by the Board of directors. Security deposits are kept with stock exchanges for meeting minimum base capital requirements. These deposits do not have credit risk. The management has established accounts receivable policy under which customer accounts are regularly monitored. The company has a dedicated risk management team, which monitors the positions, exposures and margins on a continuous basis.

## (C) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

## Notes to financial statements for the year ended 31 March, 2020

The table below summarizes the maturity profile of the Company's financial liabilities:

(Amount in ₹ Lacs)

	0-1 year	1-2 year	2-3 year	3-4 year	Beyond 4 years	Total
<b>01-Apr-18</b>						
Borrowings	2,468	–	–	–	–	2,468
Trade payables	10,220	–	–	–	–	10,220
Other financial liabilities	–	–	–	–	–	–
	12,688	–	–	–	–	12,688
<b>31-Mar-19</b>						
Borrowings	–	–	–	–	–	–
Trade payables	11,928	–	–	–	–	11,928
Other financial liabilities	773	–	–	–	–	773
	12,701	–	–	–	–	12,701
<b>31-Mar-20</b>						
Borrowings	–	–	–	–	–	–
Trade payables	19,826	–	–	–	–	19,826
Other financial liabilities	1,864	–	–	–	–	1,864
	21,690	–	–	–	–	21,690

### ix. Plant, Property and Equipment including intangible assets

Plant, Property and Equipment and intangible assets are stated at cost, net off accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

The Company's other intangible assets mainly include the value of computer software.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost.

The residual values is considered as nil.

## Notes to financial statements for the year ended 31 March, 2020

Useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively

Intangible assets are amortised over the useful economic life. The amortisation expense on intangible assets is presented as a separate line item in the statement of profit and loss.

### x. Depreciation and amortization

Depreciation on plant, property and equipment is calculated on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management.

Depreciation has been provided using the following estimated useful lives:

	Useful Life
Leasehold improvements	Upon Lease Period
Electrical fittings and other equipments	10 Years
Furniture and fittings	10 Years
Office equipments	5 Years
Computers	3 Years
Mobile phone	2 Years
Softwares	5 Years
EPBAX	8 Years
Softwares	5 Years
Motor Vehicles	4 Years

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

Depreciation on assets sold during the year is recognised on a pro-rata basis to the Statement of profit and loss till the date of sale of assets.

Intangible assets are amortized on a straight line basis over the estimated useful economic life

### xi. Impairment of tangible and intangible 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. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount

## Notes to financial statements for the year ended 31 March, 2020

is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

### xii. Leases

Effective April 1, 2019 (date of initial application), the Company has adopted the Indian Accounting Standard 116 ('Ind AS 116'), notified by the Ministry of Corporate Affairs (MCA) which replaces the existing Indian Accounting Standard 17 on Leases ('Ind AS-17'). The Company enters into various lease contracts as lessee that conveys the right to use an asset for a period of time in exchange for a consideration. In addition, the company also assesses at the inception whether any other arrangement contains a lease by conveying the right to control the use of an identified asset for a period of time in exchange for consideration. A Right-of-use asset is recognised representing its right to use the underlying asset for the lease term at the lease commencement date except in case of short term lease with a term of twelve months or less and low value lease which are accounted as an operating expense on a straight line basis over the lease term. The Cost of the right-of- use asset measured at inception shall comprise of the amount of the initial measurement of the lease incentives received, plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re measurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the lease term. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any is recognised in the statement of Profit and Loss. The

**Notes to financial statements for the year ended 31 March, 2020**

Company measures the lease liability at the present value of the lease payment that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease and if that rate cannot be readily determined the company uses the incremental borrowing rate. The lease payments shall includes fixed payment, Variable lease payments, the amount expected to be payable under the residual value gurantees, excercise price of purchase options if the company is reasonably certain to excercise that option and payment of penalties for terminating the lease, if the lease term reflects the company exercising an option to terminate the lease. Lease Payments have been disclosed under cash flow from financing activities. Certain lease arrangement includes the option to extend or terminate the lease before the end of the lease term. Right-to-use assets and lease liabilities includes these options when it is reasonably certain that they will be excercised. The lease liabilities are re measured with a corresponding adjustment to the related right-of-use asset if the company changes its assessment whether it will exercise an extension or a termination option.

**xiii. Borrowings**

Borrowing costs include interest expense as per the effective interest rate (EIR) and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized. Other borrowing costs are recognized as an expense in the year in which they are incurred. The difference between the discounted amount mobilized and redemption value of commercial papers is recognized in the statement of profit and loss over the life of the instrument using the EIR.

**xiv. Retirement and other employee benefits**

- a. Retirement benefits in the form of provident fund is a defined contribution scheme and 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.
- b. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation using projected unit credit method, made at each year end. Company recognizes the service cost (past and current), gain and losses on curtailment, non-routine settlement, net interest income or expense to Profit and Loss. Re-measurement comprising of actuarial gain and losses on obligations/plan assets due to change in demographic, financial assumptions and experience are recognized immediately in the balance sheet with corresponding debit or credit to retained earnings in the period in which they occur through OCI under items that will not be reclassified to profit or loss.



## Notes to financial statements for the year ended 31 March, 2020

### xv. Income 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 amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized 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 income tax

- a. 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.
- b. 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.
- c. 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 utilized, except:
- d. 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.
- e. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
- f. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates

**Notes to financial statements for the year ended 31 March, 2020**

(and tax laws) that have been enacted or substantively enacted at the reporting date.

- g. 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.
- h. 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.
- i. Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realized are recognised in profit or loss.

**xvi. Foreign currency transactions**

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary items denominated in foreign currencies are restated at the exchange rate prevailing on the balance sheet date. Exchange differences arising on settlement of transaction and on account of restatement of monetary items are dealt with in the Statement of profit and loss.

**xvii. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period from continuing and discontinued operations separately.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares from continuing and discontinued operations separately.

**xviii. Share based payments**

Share based payment arrangement includes arrangement between entity and employees. Most common application is Employee stock options (ESOP) payment. All transactions involving share based payment are recognized as expenses or assets over underlying vesting period.

**Notes to financial statements for the year ended 31 March, 2020**

All equity settled share based payments are measured at fair value as on grant date for employee services and expenses are recognized over vesting period.

**Equity Settled Transaction**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognized, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

**xix. Provisions**

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions are

## Notes to financial statements for the year ended 31 March, 2020

not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

### **xx Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

### **xxi. Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

## **2.2 Changes in accounting policies and disclosures**

### **New and amended standards**

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

### **Ind AS 116 Leases**

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on 1 April 2019. As modified retrospective method of adoption is applied, comparative figures are not restated and the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

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

Impact on consolidated balance sheet (increase / (decrease))	31 March 2020 (₹ in Lakhs)
<b>Assets</b>	
Right-of-use assets	1,305
<b>Total assets</b>	<b>1,305</b>
<b>Equity</b>	
Retained earnings	494
<b>Total equity</b>	<b>494</b>
<b>Liabilities</b>	
Lease liabilities	(1,651)
Deferred tax liabilities	87
<b>Total liabilities</b>	<b>(1,564)</b>
<b>Impact on statement of profit and loss (increase/(decrease) in profit)</b>	<b>31 March 2020</b>
Depreciation and amortisation	803
Other expenses	(1,202)
Finance cost	161
<b>Profit for the period</b>	<b>(238)</b>
Attributable to:	
Equity holders of the parent	(238)
Depreciation and amortisation	803
<b>Impact on consolidated statement of cash flows (increase/(decrease))</b>	<b>31 March 2020</b>
Operating lease payments*	(1,202)
<b>Net cash flows from operating activities</b>	<b>(1,202)</b>
Payment of principal portion of lease liabilities	1,651
Payment of interest portion of lease liabilities	161

### 3. Cash and cash equivalents

	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
<b>Cash and cash equivalents</b>		
Balances with banks :		
– In current accounts	12,235	4,587
– Balance in prepaid cards	2	1
– Deposits with original maturity of less than three months	–	4,000
Cash in hand	0*	–
	<b>12,237</b>	<b>8,588</b>

\* The Amount is less than ₹ 50,000/-

### 4. Bank balances other than (3 above)

	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
<b>Bank balances</b>		
– Deposits with original maturity for more than 12 months	–	2
– Deposits with original maturity for more than 12 months under lien	11,974	13,185

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

- Deposits with original maturity for more than 3 months but less than 12 months	-	-
- Deposits with original maturity for more than 3 months but less than 12 months under lien	4,431	-
- Deposits with original maturity for less than 3 months under lien	7,995	
	<b>24,400</b>	<b>13,187</b>

**5. Trade Receivables**

Particulars	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
Receivables from others	2,778	5,311
Receivables from other related parties (Note)	18	-
	<b>2,796</b>	<b>5,311</b>
Break-up for security details:		
Unsecured, considered good unless stated otherwise		
Unsecured, considered good	-	-
Doubtful	189	187
	<b>189</b>	<b>187</b>
Allowances for Impairment Loss	(189)	(187)
<b>(A)</b>	<b>-</b>	<b>-</b>
Other receivables		
Unsecured considered good		
- Due from holding company	18	-
- Due from others	2,778	5,311
Doubtful	38	45
	<b>2,834</b>	<b>5,356</b>
Allowances for Impairment Loss	(38)	(45)
<b>(B)</b>	<b>2,796</b>	<b>5,311</b>
Other receivables	-	-
<b>Total</b>	<b>2,796</b>	<b>5,311</b>

**6. Loans**

Particulars	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
Funding under margin trading facility (secured)*	4,320	10,263
Less: Provision on Funding under margin trading facility	(22)	-
	<b>4,298</b>	<b>10,263</b>

\* This represent the margin trading facility extended to broking customers which are fully secured against cash and/ or collateral of approved securities.

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

7. Other Financial Asset

Particulars	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
<b>Security deposit</b>		
- Unsecured, considered good	525	526
- Unsecured, considered doubtful	26	21
	<b>551</b>	<b>547</b>
Less: Provision for doubtful receivable	(26)	(21)
<b>A</b>	<b>525</b>	<b>526</b>
Non-current bank balances - Fixed Deposits	4,889	970
Interest accrued on fixed deposits	167	252
<b>B</b>	<b>5,056</b>	<b>1,222</b>
<b>Others</b>		
Other receivables	700	–
<b>C</b>	<b>700</b>	<b>–</b>
<b>Total (A) + (B) + (C)</b>	<b>6,281</b>	<b>1,748</b>

8. Current Tax assets (net)

Particulars	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
Advance income-tax (net)	2,850	2,816
	<b>2,850</b>	<b>2,816</b>

9. Deferred Tax

Particulars	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
Compensated Absence Cost	–	48
Gratuity	58	135
Rent	190	135
Doubtful debts/ receivables	78	89
FA Difference	178	167
	<b>504</b>	<b>574</b>
<b>OCI section</b>		
Deferred tax related to items recognised in OCI during in the year:		
Deferred Tax -IGAAP	504	574
On Subscription	–	630
On Employee benefit plan	(17)	(81)
<b>Deferred Tax Adjustment IND AS B/S</b>	<b>(17)</b>	<b>549</b>
Deferred Tax- Ind AS-OCI	17	81
<b>Deferred Tax Asset In IND AS B/S</b>	<b>504</b>	<b>1,204</b>

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

**10. Property, Plant and Equipment**

(₹ in Lakhs)

Particulars	Improve- ments to leasehold premises	Furniture	Office equip- ment	Com- puters	Motor vehicle	Capital work in progress	Total
<b>Cost or valuation</b>							
<b>At 1 April 2018</b>	1,202	1,231	970	2,309	–	156	5,868
Additions	98	120	71	365	–	35	689
Disposals	74	103	77	24	–		278
Discontinued operations	636	950	234	338	–		2,159
<b>At 1 April 2019</b>	<b>590</b>	<b>297</b>	<b>730</b>	<b>2,311</b>	<b>–</b>	<b>35</b>	<b>3,964</b>
Inter Departmental Transfer	636	950	234	338	–		2,159
Additions	89	–	14	628	69		799
Disposals	655	966	285	321	–		2,227
<b>At 31 March 2020</b>	<b>660</b>	<b>281</b>	<b>693</b>	<b>2,957</b>	<b>69</b>	<b>–</b>	<b>4,660</b>
<b>Depreciation and impairment</b>							
<b>At 1 April 2018</b>	418	433	537	1,746	–	–	3,134
Depreciation charge for the year	148	131	160	423	–		863
Disposals	32	46	46	22	–		146
Impairment	25	31	5	–	–		62
Discontinued operations	223	381	141	272	–		1,016
<b>At 1 April 2019</b>	<b>337</b>	<b>169</b>	<b>516</b>	<b>1,876</b>	<b>–</b>	<b>–</b>	<b>2,897</b>
Inter Departmental Transfer	223	381	141	272	–		1,016
Depreciation charge for the period	133	85	126	316	4		664
Disposals	289	460	202	297	–		1,247
Impairment	71	42	(1)	–	–		112
<b>At 31 March 2020</b>	<b>475</b>	<b>216</b>	<b>580</b>	<b>2,167</b>	<b>4</b>	<b>–</b>	<b>3,442</b>

Net Book Value	Improve- ments to leasehold premises	Furniture	Office equip- ment	Com- puters	Motor vehicle	Capital work in progress	Total
At 31 March 2020	185	65	113	790	65	–	1,218
At 31 March 2019	254	129	213	435	–	35	2,209



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

Particulars	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
Property, plant and equipment	1,218	1,031
Capital work in progress	–	35

10. Other Intangible assets (₹ in Lakhs)

Particulars	Software	Intangible asset under development	Total
<b>Cost or valuation</b>			
<b>At 1 April 2018</b>	2,968	66	<b>3,034</b>
Additions	601	42	643
Disposals	1	66	67
Discontinued operations	261	–	261
<b>At 1 April 2019</b>	<b>3,307</b>	<b>42</b>	<b>3,349</b>
Interdepartmental Transfer	261	–	261
Additions	616	193	809
Disposals	212	–	212
<b>At 31 March 2020</b>	<b>3,972</b>	<b>235</b>	<b>4,207</b>
<b>Depreciation and impairment</b>			
<b>At 1 April 2018</b>	<b>1,580</b>	–	<b>1,580</b>
Additions	450		450
Disposals	1		1
Discontinued operations	108		108
<b>At 1 April 2019</b>	<b>1,921</b>	–	<b>1,921</b>
Interdepartmental Transfer	108		108
Depreciation charge for the year	558		558
Disposals	112		112
<b>At 31 March 2020</b>	<b>2,475</b>	–	<b>2,475</b>
<b>Net Book Value</b>	<b>Software</b>	<b>Intangible asset under development</b>	<b>Total</b>
At 31 March 2020	1,497	235	1,732
At 31 March 2019	1,386	42	1,428
<b>Net Book Value</b>	<b>31 March 2020 (₹ in Lakhs)</b>	<b>31 March 2019 (₹ in Lakhs)</b>	
Other Intangible assets	1,497	1,386	
Intangible asset under development	235	42	

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

**11. Other non-financial asset**

Particulars	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
<b>Capital Advances</b>	–	–
Advances recoverable in cash or kind	327	90
<b>Others</b>		
Prepaid expenses	314	283
Balances with statutory / government authorities	242	145
	<b>883</b>	<b>518</b>

**12. Trade Payables**

Particulars	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
<b>Trade payables</b>		
a) Total outstanding dues of micro enterprises and small enterprises	–	–
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	19,826	11,928
<b>Total</b>	<b>19,826</b>	<b>11,928</b>

**13. Other Financial Liabilities**

Particulars	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
Overdraft Balances	16	1
Expense creditors		
- Due to holding company	89	86
- Due to others	87	5
<b>Total</b>	<b>192</b>	<b>92</b>

**14. Provisions**

Particulars	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
Provision for bonus	1,919	989
<b>A</b>	<b>1,919</b>	<b>989</b>
<b>Provision for employee benefits</b>		
Gratuity payable	228	275
Leave availment payable	–	123
<b>B</b>	<b>228</b>	<b>398</b>

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

### Others

Provision for expenses	1,190	721
<b>C</b>	<b>1,190</b>	<b>721</b>
<b>Total (A) + (B)+ ( C)</b>	<b>3,337</b>	<b>2,108</b>

### 15. Other non-financial Liabilities

Particulars	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
<b><u>Other liabilities</u></b>		
Income received in advance	111	2,894
Undisputed statutory dues	654	364
Sundry creditors for capital expenditure	20	55
Salary & incentive payable	848	–
Others	283	262
	<b>1,916</b>	<b>3,575</b>

### 16. Authorized Share Capital

Particulars	Equity Shares (No. in Lakhs)	(₹ in Lakhs)
<b>At 1 April 2018</b>	1,500	15,000
Increase/(decrease) during the year	–	–
<b>At 31 March 2019</b>	1,500	15,000
Increase/(decrease) during the year	1,000	10,000
<b>At 31 March 2020</b>	<b>2,500</b>	<b>25,000</b>

### Terms/ rights 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. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is ratified by the shareholders in the ensuing Annual General Meeting. 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.

Issued, Subscribed & Paid-up	(No. in Lakhs)	(₹ in Lakhs)
Equity Shares of INR 10 each issued, subscribed and fully paid		
<b>At 1 April 2018</b>	1,445	14,450
Change during the year	–	–
<b>At 31 March 2019</b>	1,445	14,450
Changes during the year	–	–
<b>At 31 March 2020</b>	<b>1,445</b>	<b>14,450</b>

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

### Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

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

	31 March 2020	31 March 2019
	₹	₹
Axis Bank Limited, the holding company and its nominees 1,445 Lacs (31 March 2019: 1,445 Lacs) equity shares of INR ₹10/- each	14,450	14,450

### Details of shareholders holding more than 5% shares in the Company

Name of the Shareholder	31 March 2020		31 March 2019	
	Nos.	%	Nos.	%
Axis Bank Limited, the holding company and its nominees	1445	100.00	1445	100.00

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

## 17. Other Equity

### Capital reserve (₹ in Lakhs)

At 1 April 2018	4
Changes during the year	–
At 31 March 2019	4
Changes during the year	–
At 31 March 2020	4

### Securities premium

At 1 April 2018	1,525
Changes during the year	–
At 31 March 2019	1,525
Changes during the year	–
At 31 March 2020	1,525

### General reserve

At 1 April 2018	1,479
Changes during the year	775
At 31 March 2019	2,254
Changes during the year	159
At 31 March 2020	2,413

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

For the period ended 31 March 2020

	Attributable to the equity holders of the parent Reserves and Surplus					
	Capital reserve	Securities premium	General reserve	Retained earnings	Other Compre- hensive Income	Deemed Equity
As at 1 April 2019	4	1,525	2,254	14,439	(150)	475
Profit for the year				2,734	–	115
Other comprehensive income				–	264	–
Additions during the year				(521)	–	
<b>Total comprehensive income</b>				<b>16,652</b>	<b>114</b>	<b>590</b>
Final Equity dividend for FY 18-19 [(amount per share ₹ 2.30 (31 March 2018: ₹19,50,75,000)]				(3,324)		
Tax on equity dividend				(683)		
Transfer to General Reserve			159	(159)		
<b>At 31 March 2020</b>	<b>4</b>	<b>1,525</b>	<b>2,413</b>	<b>12,486</b>	<b>114</b>	<b>590</b>

For the period ended 31 March 2020

	Attributable to the equity holders of the parent Reserves and Surplus					
	Capital reserve	Securities premium	General reserve	Retained earnings	Other Compre- hensive Income	Deemed Equity
As at 1 April 2018	4	1,525	1,479	7,952	(175)	320
Profit for the year ended 31 March 2019				7,262		115
Other comprehensive income				–	25	–
<b>Total comprehensive income</b>	<b>4</b>	<b>1,525</b>	<b>1,479</b>	<b>15,214</b>	<b>(150)</b>	<b>475</b>
Transfer to General Reserve			775	(775)		
Tax on equity dividend						
<b>At 31 March 2020</b>	<b>4</b>	<b>1,525</b>	<b>2,254</b>	<b>14,439</b>	<b>(150)</b>	<b>475</b>

**Capital reserve**

Capital reserve is created by capital profits of the company which is not kept for distribution to the shareholders in the form of dividend. This is included in the retained earning statements

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

### Securities premium reserve

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

### General reserve

Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up capital of the company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

### 18. Other income

	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
Interest income on bank deposits & income tax refund	1,185	737
Profit on sale of investments (fair value through P & L)	129	75
Miscellaneous income	0*	4
Interest Accretion (Right of Use Asset)	15	–
<b>Total</b>	<b>1,329</b>	<b>816</b>

\* The Amount is less than ₹ 50,000/-

### 19. Employee benefits expense

	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
Salaries, wages and bonus	6,886	8,706
Contribution to provident and other funds	285	422
Staff welfare expenses	64	61
Gratuity expense	178	339
<b>Total</b>	<b>7,413</b>	<b>9,528</b>

### 20. Depreciation and amortization expense

	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
Depreciation of tangible assets	483	590
Amortization of intangible assets	525	411
Impairment of tangible assets	112	62
Amortization of right-of-use assets	318	–
<b>Total</b>	<b>1,438</b>	<b>1,063</b>

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

**21. Finance Charges**

	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
Bank guarantee commission	104	82
Interest expense	127	145
Interest paid on lease liabilities	132	–
<b>Total</b>	<b>363</b>	<b>227</b>

**22. Other expenses**

	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
Rent (premises)	10	727
Stamp, registration and exchange charges	2	3
Franking charges	102	132
Advertisement and sales promotion	114	382
Rates and taxes	80	22
Insurance	7	8
Housekeeping expenses	114	130
Security charges	51	73
Repair and maintenance- others	66	66
Travelling and conveyance	208	244
Communication cost	560	517
Call center cost	159	179
Information technology expenses	1,099	1,048
Loss on sale of fixed assets	51	65
Printing & stationery	236	107
Legal and professional fees	248	102
Director's sitting fees	13	7
Auditors' remuneration :		
- Audit fee	25	17
- Out of pocket expenses	–	0*
- Certification	5	–
Expense towards Corporate Social Responsibility (Note 38)	194	90
Electricity and water charges	144	169
Office expenses	26	31
Membership & subscription fees	102	89
Recruitment and training expenses	80	42
Allocated Expenses	1	–
Miscellaneous expenses	47	98
Bad debts	115	61
Provision for bad & doubtful debts	53	63
Sub brokerage	–	3
DP- Transaction Charges	228	–
ROC filing fees	75	–
<b>Total</b>	<b>4,215</b>	<b>4,475</b>

\* The Amount is less than ₹ 50,000

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

### 23. Discontinued operations

On 28 March 2019, Both Axis Bank Ltd and Axis Securities Ltd (ASL) have mutually taken decision to exit Non Broking business pertaining to retail assets, credit cards, resource management services etc. services offered by ASL to Axis Bank. During the transition of business subject to terms and conditions compulsorily and expressly accepted by both the parties, the transition cost incurred by ASL from April 1, 2019 onward till the arrangement is terminated will be billed to Axis Bank. Being a discontinued operation, that segment is no longer presented in the segment note.

Profit & Loss Statement of discontinued operations	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
Revenue from operation	2,789	87,882
Other Income	66	407
<b>Total Revenue</b>	<b>2,855</b>	<b>88,289</b>
<b>Expenses</b>		
Employee benefit expense	1,410	77,997
Depreciation amortization expense and Impairment	698	312
Finance charges	–	(9)
Interest paid on lease liabilities	30	–
Other expenses	52	3,296
<b>Total Expense</b>	<b>2,190</b>	<b>81,596</b>
<b>Profit/(loss) before tax from a discontinued operation</b>	<b>665</b>	<b>6,693</b>
Tax (expenses)/income:	(183)	(2,408)
Deferred Tax	–	50
<b>Profit/(loss) for the year from a discontinued operation</b>	<b>482</b>	<b>4,335</b>

The major classes of assets and liabilities of Axis Securities Limited classified as held for distribution to equity holders as at 31st March 2020 are, as follows:

	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
<b>Assets</b>		
Property, plant and equipment (Note 10)	–	1,143
Intangible assets (Note 10)	–	153
Other financial assets	–	255
Other current assets	–	811
Trade receivable	–	8,193
Cash and cash equivalent	–	4,949
<b>Assets classified as held for distribution</b>	<b>–</b>	<b>15,504</b>



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

### Liabilities

Net employee defined benefit liabilities	–	124
Long term provisions	–	259
Short term provisions	–	2,336
Liabilities for statutory dues	–	2,866
Other current liabilities	–	5,223
<b>Liabilities directly associated with assets classified as held for distribution</b>	<b>–</b>	<b>10,809</b>
<b>Net assets directly associated with disposal group</b>	<b>–</b>	<b>4,695</b>

The net cash flows incurred by discontinuing operations are as follows:

	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
Operating	482	(140)
Investing	–	1,428
Financing	–	10
<b>Net Cash (outflow) inflow</b>	<b>482</b>	<b>1,298</b>

<b>Earning per share:</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
Basic, profit/(loss) for the year from discontinued operation	0.33	3.00
Diluted, profit/(loss) for the year from discontinued operation	0.33	3.00

### Earning per share (EPS)

Particulars	31 March 2020 (₹ in Lakhs)	31 March 2019 (₹ in Lakhs)
Profit attributable to equity holders of the parent:		
Continuing operations	2,253	3,115
Discontinued operation	482	4,335
<b>Profit attributable to equity holders of the parent for basic earnings</b>	<b>2,734</b>	<b>7,450</b>
Weighted average number of Equity shares for basic EPS	1,445	1,445

<b>Earning per share:</b>	<b>31 March 2020</b> (₹ in Lakhs)	<b>31 March 2019</b> (₹ in Lakhs)
Basic EPS from Continuing operations	1.56	2.16
Diluted EPS from Continuing operations	1.56	2.16
Basic EPS from Discontinued operation	0.33	3.00
Diluted EPS from Discontinued operation	0.33	3.00

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

### 24. Related Party Transaction

Names of related parties where control exists irrespective of whether transactions have occurred or not.

Holding Company Axis Bank Limited

Key Management Personnel  
Mr. Arun Thukral  
Mr. Anand Shaha  
Mr. Hemantkumar Patel (Chief Financial Officer)  
Ms. Lovelina Faroz (Company Secretary upto 29.10.19)  
Ms. Divya Poojary (Company Secretary from 30.01.20 to till date)  
Mr. Gopkumar Bhaskaran (Managing Director & CEO - 01.01.20 till date)  
(Additional Director -18.10.19 to 31.12.19)

Fellow Subsidiaries  
Axis Private Equity Limited (APEL)  
Axis Finance Limited (AFL)  
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)  
(w.e.f. 06 Oct 2017)  
Accelyst Solutions Private Limited (ASPL) (w.e.f. 06 Oct 2017)  
Axis Capital USA LLC. (w.e.f. 02 Aug 2017)

(₹ in Lakhs)

Transaction/Nature of Relationship	Holding Company	Key Management Personnel	Fellow Subsidiary	Grand Total
<b>Income</b>				
Income				
Business sourcing fee income	1,024.92	-	-	1,024.92
	(45,962.94)	-	-	(45,962.94)
Resource management fee	-	-	-	-
	(41,912.27)	-	-	(41,912.27)
Commission	-	-	-	-
	(5.26)	-	-	(5.26)
Interest on fixed deposits	54.74	-	-	54.74
	(59.54)	-	-	(59.54)
Other income	17.90	-	-	17.90
	-	-	-	-
Other income (AMTFL)	-	-	37.67	37.67
	-	-	-	-
Resource management fees (AAMC)	-	-	1.88	1.88
	-	-	(6.71)	(6.71)
Bank interest	2.47	-	-	2.47
	(0.96)	-	-	(0.96)
Other income (AFL)	-	-	33.24	33.24
	-	-	(47.31)	(47.31)

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

Other income (AAMC)	-	-	-	-
	-	-	(182.92)	(182.92)
Other income (ACL)	-	-	11.59	11.59
	-	-	(19.85)	(19.85)
Brokerage income (Mr. Arun Thukral)	-	0.08	-	0.08
	-	(0.19)	-	(0.19)
Brokerage income (Mr. Anand Shaha)	-	0.00	-	0.00
	-	(0.02)	-	(0.02)
Brokerage income (Mr. Hemantkumar Patel)	-	0.01	-	0.01
	-	(0.02)	-	(0.02)
<b>Expenses</b>				
Salaries (Mr. Gopkumar Bhaskaran)	-	122.02	-	122.02
	-	-	-	-
Salaries (Mr. Arun Thukral)	142.19	-	-	142.19
	(185.12)	-	-	(185.12)
Salaries (Mr. Anand Shaha)	-	94.25	-	94.25
	-	(80.15)	-	(80.15)
Salaries (Mr. Hemantkumar Patel)	-	58.66	-	58.66
	-	(52.53)	-	(52.53)
Salaries (Ms. Lovelina Faroz)	-	9.70	-	9.70
	-	(14.66)	-	(14.66)
Salaries (Ms. Divya Poojari)	-	3.04	-	3.04
	-	-	-	-
Reimbursement for expenses	6,160.18	-	-	6,160.18
	(645.79)	-	-	(645.79)
Reimbursement for expenses (Mr. Arun Thukral)	-	0.50	-	0.50
	(1.41)	(0.56)	-	(1.97)
Bank charges & other charges paid	114.45	-	-	114.45
	(73.43)	-	-	(73.43)
Other expenses/ reimbursements (ACL)			-	-
	-	-	(1.42)	(1.42)
<b>Other transactions</b>				
Other reimbursement received (AFL)	-	-	-	-
	-	-	-	-
Training Exp reimbursement(Cross Sell)	-	-	-	-
	(12.99)	-	-	(12.99)
Reimbursement of operating expenses	-	-	-	-
	(2.65)	(0.14)	-	(2.78)
Dividend paid	3,323.50	-	-	3,323.50
	-	-	-	-
<b>Income</b>				
Unamortised DP AMC transferred to ASL	1,873.73	-	-	1,873.73
	-	-	-	-
<b>Income</b>				
Transition Exp reimbursement	-	-	-	-
	577.51	577.51	-	-

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

<b>Income</b>				
Sale of asset	–	–	–	–
	3.55	–	–	3.55
<b>Outstanding balance as at 31 March 2020</b>				
Other payables	164.75	–	54.82	219.57
	(163.46)	–	–	(163.46)
Accounts receivable-for services rendered	17.69	–	–	17.69
	(8,192.44)	–	–	(8,192.44)
Other payables (AFC)	–	–	484.30	484.30
	–	–	(226.34)	(226.34)
Accounts receivable-for services rendered- (AAMC)	–	–	–	–
	–	–	(0.49)	(0.49)
Other receivables (AAMC)	–	–	–	–
	–	–	–	–
Other receivables (ACL)	–	–	0.11	0.11
	–	–	–	–
Other receivables (AFL)	–	–	0.06	0.06
	–	–	(0.03)	(0.03)
Royalty Charges Payable	7.60	–	–	7.60
	–	–	–	–
Overdraft Bank Balance	9.65	–	–	9.65
	–	–	–	–
Current account	12,178.65	–	–	12,178.65
	(6,276.19)	–	–	(6,276.19)
Fixed deposit balance	1,699.08	–	–	1,699.08
	(5,081.76)	–	–	(5,081.76)

**Notes:**

- 1) As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors are not included above.
- 2) Figures in bracket represents corresponding amount of previous year.

**25. Leases Disclosure under Ind AS 116**
**Company as a Lessee**

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	(₹ in Lakhs)	
	ROU assets	Total
<b>As at April 1, 2019</b>	1,707	1,707
Addition	401	401
Depreciation	(803)	(803)
<b>As at March 31, 2020</b>	1,305	1,305

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

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

(₹ in Lakhs)

	As at March 31, 2020	Total
<b>As at 1st April</b>	<b>(2,322)</b>	<b>(2,322)</b>
Addition	(370)	(370)
Accretion of interest	(161)	(161)
Payments	1,202	1,202
<b>As at March 31, 2020</b>	<b>(1,651)</b>	<b>(1,651)</b>

The Maturity analysis of lease liabilities is as under:

(₹ in Lakhs)

Lease liabilities	As at March 31, 2020
Not later than 1 month	(37)
Later than 1 month not later than 3 months	(74)
Later than 3 month not later than 1 year	(354)
Later than 1 year	(1,186)
<b>Total</b>	<b>(1,651)</b>

The following are the amounts recognised in statement of profit or loss:

(₹ in Lakhs)

Particulars	As at March 31, 2020
Depreciation expense of right-of-use assets	803
Interest expense on lease liabilities	161
Expense relating to short-term leases	–
Expense relating to leases of low-value assets	–
Variable lease payments	–
<b>Total amount recognised in profit or loss</b>	<b>964</b>

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

The Company had total cash outflows for leases of ₹ 1202 lakhs in FY 19-20 (₹ 1473 lacs in FY 18-19). The Company also had non-cash additions to right-of-use assets of ₹ 401 Lakhs and lease liabilities of ₹ 370 Lakhs in FY19-20.

### 26. Details of Foreign currency transactions

Expenditure in foreign currency (accrual basis)	2019-20 (₹ in Lakhs)	2018-19 (₹ in Lakhs)
Subscription charges	15	51
Sales Promotion	–	25
	<b>15</b>	<b>76</b>

### 27. Gratuity and other benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on retirement at 15 days salary (last drawn salary) for each completed year of service. The schemes are funded with insurance companies in the form of a qualifying insurance policies.

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

Particulars	2019-20 (₹ in Lakhs)	2018-19 (₹ in Lakhs)
In statement of Profit and Loss	207	195
In other comprehensive Income	(164)	(39)
<b>Total Expenses Recognized for the period</b>	<b>43</b>	<b>157</b>

#### Net employee benefit expense (recognized in employee cost)

	2019-20 (₹ in Lakhs)	2018-19 (₹ in Lakhs)
Current service cost	177	175
Past service cost	–	–
Administration expenses	–	–
Interest on net defined benefit liability / (asset)	30	20
(Gains) / losses on settlement	–	–
<b>Total expense charged to profit and loss account</b>	<b>207</b>	<b>195</b>

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

### Amount recorded in Other comprehensive income

	2019-20 (₹ in Lakhs)	2018-19 (₹ in Lakhs)
Opening amount recognized in OCI outside profit and loss account	231	269
Remeasurements during the period due to		–
Changes in financial assumptions	19	4
Changes in demographic assumptions	–	4
Experience adjustments	(159)	(27)
Actual return on plan assets less interest on plan assets	(24)	(19)
Adjustment to recognize the effect of asset ceiling	–	–
<b>Closing amount recognized in OCI outside profit and loss account</b>	<b>67</b>	<b>231</b>

### Balance Sheet

#### Details of provision for gratuity

	2019-20 (₹ in Lakhs)	2018-19 (₹ in Lakhs)
Present value of obligation as at the end of the year	347	424
Fair value of plan assets	119	39
Net funded obligation		
<b>Net defined benefit liability recognized in balance sheet</b>	<b>(228)</b>	<b>(385)</b>

#### Movement in benefit obligation are as follows:

	2019-20 (₹ in Lakhs)	2018-19 (₹ in Lakhs)
Opening defined benefit obligation	424	733
Current service cost	177	175
Past Service Cost	–	–
Interest on defined benefit obligation	42	38
Remeasurements due to:		
Actuarial loss / (gain) arising from change in financial assumptions	19	4
Actuarial loss / (gain) arising from change in demographic assumptions	–	4
Actuarial loss / (gain) arising on account of experience changes	(159)	(27)
Benefits paid	(156)	(502)
<b>Closing defined benefit obligation</b>	<b>347</b>	<b>424</b>

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

Changes in fair value of plan assets are as follows :

	2019-20 (₹ in Lakhs)	2018-19 (₹ in Lakhs)
Opening fair value of plan assets	39	355
Employer contributions	200	150
Interest on plan assets	12	18
Administration expenses	–	–
Remeasurements due to:	–	–
Actual return on plan assets less interest on plan assets	24	19
Benefits paid	(156)	(502)
<b>Closing fair value of plan assets</b>	<b>119</b>	<b>39</b>

The Company expects to contribute ₹ 15,000,000 to gratuity in the next year.

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

	For the year ended 31 March 2020	For the year ended 31 March 2019
Investment with insurer	100%	100%

### DISGREGATION OF PLAN ASSETS

A split of plans asset between various asset classes as well as segregation between quoted and unquoted values is presented below:

	Period Ended 31 Mar 2020 (₹ in Lakhs)		
	Quoted	Non-Quoted	Total
Property	–	–	–
Government debt instrument	–	–	–
Other debt instruments	–	–	–
Entity's own equity instrument	–	–	–
Insurer managed funds	–	119	119
Other	–	–	–

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.



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

The principal assumptions used in determining gratuity obligations are shown below:

	2019-20 (₹ in Lakhs)	2018-19 (₹ in Lakhs)
Discount rate		
<i>Broking</i>	6.30%	7.00%
<i>Non-broking (discontinuing operations)</i>	–	6.55%
Expected rate of return on assets		
<i>Broking</i>	7.25%	7.50%
<i>Non-broking (discontinuing operations)</i>	–	6.55%
Employee turnover		
For Broking		
<u>Managerial</u>		
Age : 21-44 years	20.00%	20.00%
Age : 45-59 years	1.00%	1.00%
<u>Non-Managerial</u>		
Age : 21-44 years	60.39%	60.39%
Age : 45-59 years	1.00%	1.00%
For Non Broking (discontinuing operations)		
<u>Managerial</u>		
Age : 21-44 years	–	35.00%
Age : 45-59 years	–	1.00%
<u>Non-Managerial</u>		
Age : 21-44 years	–	89.76%
Age : 45-59 years	–	1.00%
Salary escalation rate		
<i>Broking</i>	7.75%	7.64%
<i>Non-broking (discontinuing operations)</i>	–	6.82%

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

Estimated provision for defined benefit obligation for Key Managerial Persons is shown as below:

Key Managerial Person	Gratuity	
	FY 19-20	FY 18-19
	DBO (In ₹ lakhs )	
Post-employment benefit	15.98	10.20

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

### SENSITIVITY ANALYSIS:

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the change in defined benefit obligation and impact in percentage terms compared with the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points

(₹ in Lakhs)

	Period Ended 31-Mar-20	
	Discount Rate	Salary Escalation
Defined benefit obligation on increase in 50 bps	335	359
Impact of increase in 50 bps on DBO	-3.43%	3.50%
Defined benefit obligation on decrease in 50 bps	360	335
Impact of decrease in 50 bps on DBO	3.69%	-3.39%

### Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cashflows) is 8.18 years

Expected cash flows over the next (valued on undiscounted basis):	(₹ in Lakhs)
1 years	95
2 to 5 years	111
6 to 9 years	61
10 years and above	344

## 28. INCOME TAX

The Company offsets tax assets and liabilities if and only if it has legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority

### Deferred Tax :

Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. The company has recognized DTA in books as per Indian GAAP to the extent of ₹ 364 lakhs (Previous year : ₹ 573.71 Lakhs)

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

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or a separate component of equity.

Deferred Tax Calculation	Balance Sheet	
	31 March 20 (₹ in Lakhs)	31 March 19 (₹ in Lakhs)
Deferred tax Assets		
Compensated absence cost	–	48
Rent- Lease equalisation	190	135
Provision for doubtful debts	78	89
Retirement benefits	58	135
Advance Subscription Income	–	630
Depreciation	178	167
<b>Net deferred tax assets/(liabilities)</b>	<b>504</b>	<b>1,204</b>

Reflected in the balance sheet as follows:

	31 March 20 (₹ in Lakhs)	31 March 19 (₹ in Lakhs)
Deferred tax assets	504	1,204
Deferred tax liabilities	–	–
<b>Deferred tax Assets/(liabilities), net</b>	<b>504</b>	<b>1,204</b>

## 29. Estimated amount of contracts remaining to be executed on capital account and not provided for:

	31 March 20 (₹ in Lakhs)	31 March 19 (₹ in Lakhs)
Commitment for addition/acquisition of broking software	154	233
Commitment for office equipment / furniture	4	20
Commitment for computer / servers	137	189
Commitment for leasehold improvement and other capital assets	38	41
<b>Total</b>	<b>333</b>	<b>483</b>

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

### 30. Expected credit loss

The company has adopted simplified method for ECL provision on receivables. The provision is made in following manner:-

Receivable outstanding for more than 90 days, 50% of the amount is provided. A further 50% is provided for if the outstanding is for more than 180 days.

(₹ in Lakhs)

Trade receivable days past due		0-90 days	90-180 days	More than 180 days	Total
ECL rate		0%	50%	100%	
31-Mar-20	Other Trade Receivable	733	74	189	996
	ECL- simplified approach	–	(38)	(189)	(228)
	<b>Net Amount</b>	<b>733</b>	<b>35</b>	<b>–</b>	<b>768</b>
31-Mar-19	Other Trade Receivable	342	91	187	620
	ECL- simplified approach	–	(45)	(187)	(233)
	<b>Net Amount</b>	<b>342</b>	<b>45</b>	<b>–</b>	<b>388</b>

The Company assesses allowance for expected credit losses for loans. The ECL allowance is assessed based on the 12 months' expected credit loss. ECL is calculated on collective basis for loans. The Company has not experienced any loss on its loan portfolio historically.

(₹ in Lakhs)

Trade receivable days past due		0-90 days	90-180 days	More than 180 days	Total
ECL rate		0%	50%	100%	
31-Mar-20	Loans	4,321	–	–	4,321
	ECL	(22)	–	–	(22)
	<b>Net Amount</b>	<b>4,299</b>	<b>–</b>	<b>–</b>	<b>4,299</b>
31-Mar-19	Loans	10,262	–	–	10,262
	ECL	–	–	–	–
	<b>Net Amount</b>	<b>10,262</b>	<b>–</b>	<b>–</b>	<b>10,262</b>

31. At the beginning of the year there was no amount payable to any Micro, Small and/or Medium Enterprises as defined under Micro, Small and Medium Enterprise Development Act, 2006. The outstanding balance as on 31 March 2020 and 31 March 2019 are ₹ Nil.

The Company also has not received any claims against interest outstanding amount due to any vendor registered under Micro, Small and Medium Enterprises Development Act, 2006.

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

**32. Outstanding bank guarantee issued on behalf of the Company:**

	2019-20 (₹ in Lakhs)	2018-19 (₹ in Lakhs)
ICICI Bank	10,000	10,000
Bank of Baroda	–	5,500
HDFC Bank Ltd	5,000	–
IndusInd Bank	1,473	1,840
<b>Total</b>	<b>16,473</b>	<b>17,340</b>

**33. Earnings per share ('EPS')**

	2019-20 (₹ in Lakhs)	2018-19 (₹ in Lakhs)
Profit / (loss) after tax	2,734	7,451
<b>Net profit / (loss) for calculation of basic and diluted EPS</b>	<b>2,734</b>	<b>7,451</b>

	No.	No.
Weighted average number of equity shares in calculating basic and diluted EPS	14,45,00,000	14,45,00,000
<b>Basic earnings per share (₹)</b>	<b>1.89</b>	<b>5.16</b>
<b>Diluted earnings per share (₹)</b>	<b>1.89</b>	<b>5.16</b>

Particulars	2019-20 (₹ in Lakhs)	2018-19 (₹ in Lakhs)
Profit attributable to equity holders of the parent:		
Continuing operations	2,252	3,116
Discontinued operation	482	4,335
<b>Profit attributable to equity holders of the parent for basic earnings</b>	<b>2,734</b>	<b>7,451</b>
Weighted average number of Equity shares for basic EPS*	1,445	1,445

Earnings per share:	31 March 2020	31 March 2019
Basic EPS from continuing operation (₹)	1.56	2.16
Diluted EPS from continuing operation (₹)	1.56	2.16
Basic EPS from discontinuing operation (₹)	0.33	3.00
Diluted EPS from discontinuing operation (₹)	0.33	3.00

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

### 34. Contingent liability :

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

#### Claims against the Company not acknowledged as debt. (₹ in Lakhs)

Nature of statute	Description	Forum where dispute is pending	As on 31 March 2020	As on 31 March 2019
Stamp Act	Penalty on Stamp Duty	MP High Court	–	18
Income Tax	Penalty	ITAT	–	5
Income Tax	Income Tax	CIT (A)	280	280

#### Note:

The Company is contesting the demands and the management believes that its position will likely be upheld in the appellate process. No provision has been accrued in the financial statements for the demand raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

### 35. (a) Financial assets at FVTPL

Category	Opening Stock		Closing Stock	
	Quantity	Value (₹ in Lakhs)	Quantity	Value (₹ in Lakhs)
Equity shares	Nil	Nil	Nil	Nil
Derivatives	Nil	Nil	Nil	Nil
Mutual funds	Nil	Nil	Nil	Nil

Category	Opening Stock		Closing Stock	
	Quantity	Value (₹ in Lakhs)	Quantity	Value (₹ in Lakhs)
Equity shares	26,204 (18,335)	71 (55)	26,204 (18,335)	71 (55)
Derivatives	1,82,594 (6,290)	788 (110)	1,82,594 (6,290)	789 (110)
Mutual funds	37,81,969 (67,14,797)	79,530 (1,34,679)	37,81,969 (67,82,342)	79,716 (1,36,154)

Equity shares and derivative transactions pertain to error trades.

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

### 36 FAIR VALUES

Set out below is a comparison by class of the carrying amount and fair value of the Company's financial instruments other than those with carrying amounts that are reasonable approximations of fair value:

(₹ in Lakhs)

Financial Assets	Carrying Value		Fair Value	
	31 March 20	31 March 19	31 March 20	31 March 19
Security Deposits	269	587	199	455

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair value:

- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Company based on the parameters such as interest rates.
- Fair value of the Deposits & Advances is measured using the DCF (discounting cash flow) model.

The fair value measurement of the financial liability of the Company being Commercial papers is done by transaction cost incurred in initial recognition is included in the initial recognition amount of the financial liability and charged to profit or loss using effective interest method. The own non-performance risk as at 31st March 2020 is assessed to be insignificant.

The management assessed that cash and cash equivalents, trade receivables, margin with exchanges, trade payables, bank balances and other current liabilities approximate their carrying amount largely due to the short-term maturities of these instruments.

#### FAIR VALUE HIERARCHY

Following table provides the fair value measurement hierarchy of the Company's assets and liabilities as on 31st March 2020 & 31st March 2019.

(₹ in Lakhs)

The following table provides the fair value measurement hierarchy of the Company's Assets

Quantitative disclosures fair value measurement hierarchy for assets as at 31st March 2020

	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant Observable inputs	Significant unobservable inputs
Assets measured at Fair Value					
Security Deposits	31.03.2020	199	–	–	199

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

(₹ in Lakhs)

The following table provides the fair value measurement hierarchy of the Company's Assets  
Quantitative disclosures fair value measurement hierarchy for assets as at 31st March 2019

			Fair value measurement using		
	Date of Valuation	Total	Quoted prices in active markets	Significant Observable inputs	Significant unobservable inputs
Assets measured at Fair Value					
Security Deposits	31.03.2019	455	–	–	455

#### Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

31 March 2020		(₹ in Lakhs)			
	Level 1	Level 2	Level 3	Total	
Assets measured at fair value on a recurring basis					
Security Deposits	–	–	199	199	

  

31 March 2019		(₹ in Lakhs)			
	Level 1	Level 2	Level 3	Total	
Assets measured at fair value on a recurring basis					
Security Deposits	–	–	455	455	

#### 37. FINANCE COST

Particulars	31 March 20 (₹ in Lakhs)	31 March 19 (₹ in Lakhs)
Interest on ODBD	87	47
Interest on ODFD	26	25
Interest - Others	14	10
Interest on CP	–	64
Interest paid on lease liabilities	132	–
BG Commission	104	82
	<b>363</b>	<b>227</b>



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

38 CSR expenditure

	31 March 20 (₹ in Lakhs)	31 March 19 (₹ in Lakhs)
Gross amount required to be spent by the company during the year	194	151
	<b>194</b>	<b>151</b>

  

(a) Amount spent during the year ending on March 31, 2020:	In cash (₹ in Lakhs)	Yet to be paid in cash (₹ in Lakhs)	Total (₹ in Lakhs)
i) Construction/acquisition of any asset	–	–	–
ii) On purposes other than (i) above	194	–	194

  

(b) Amount spent during the year ending on March 31, 2019:	In cash (₹ in Lakhs)	Yet to be paid in cash (₹ in Lakhs)	Total (₹ in Lakhs)
i) Construction/acquisition of any asset	–	–	–
ii) On purposes other than (i) above	151	–	151

39A Reconciliation of equity and profit reported in accordance with previous Indian GAAP and Ind AS to explain how the transition from the previous Indian GAAP to Ind AS effected is provided below:-

Reconciliation of Total equity	(₹ in Lakhs)	
	31 March 20 (₹ in Lakhs)	31 March 19 (₹ in Lakhs)
Total equity as per Indian GAAP	–	34,168
Adjustments		
Amortization of Subscription income	–	(1,801)
Tax effects of adjustment	–	629
Total adjustments	–	(1,172)
Total equity as per Ind AS	–	32,997

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

Net Profit Reconciliation is as under		(₹ in Lakhs)
	31 March 20 (₹ in Lakhs)	31 March 19 (₹ in Lakhs)
Net profit after tax reported under Indian GAAP	-	7,747
<b>Adjustments</b>		
Amortization of Subscription income	-	(468)
Adjustment due to fair valuation of employee stock options	-	(155)
Actuarial gain/loss on valuation of gratuity	-	(39)
Tax effects of adjustment	-	177
<b>Total adjustments</b>	-	<b>(485)</b>
<b>Net profit after tax as per Ind AS</b>	-	<b>7,262</b>
Other comprehensive income, net of tax	-	189
<b>Total comprehensive income</b>	-	<b>7,451</b>

Footnotes to the reconciliation of equity and profit or loss

**a. FVTPL Financial assets**

Under Indian GAAP, the company accounted for short term investment in quoted liquid mutual funds as investment measured at cost less provision for other than temporary diminution in the value of investment. Under Ind AS, the company has designated such investment as FVTPL investment. Ind AS requires FVTPL investment to be measured at fair value. As at the date of transition to Ind AS, there is no such investment in the balance sheet.

**b. Trade receivable**

Under Indian GAAP, the company has created provision for impairment of receivables. Under Ind AS, the Company has adopted simplified method for computation of Expected Loss Model (ECL). The simplified approach is similar to model used under Indian GAAP. Hence there has been no impact on account of application of ECL model under Ind AS

**c. Reclassification of subscription income**

Under Indian GAAP, the subscription income was amortised over the period of the plan. Under Ind AS, the subscription income is recognised on the basis of utilisation of turnover provided under the plan. Consequently reclassification adjustment is recorded for the same.

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

### d. Defined benefit liabilities

Both under Indian GAAP and Ind AS, the group recognised costs related to its post-employment defined plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit and loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of asset ceiling, excluding amount included in net interest on the defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balancesheet with as corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced by ₹ 183.57 lakhs and ₹ 85.63 lakhs for year ended 31 March 2018 and 31 March 2017 respectively and remeasurement gains / losses on defined benefit plans has been recognised in the OCI net of tax.

### e. Security deposit

Under Indian GAAP, interest free security deposit for leasehold premises is taken at carrying value in the balance sheet. Under Ind AS, the security deposit value has been discounted to present value at each balancesheet date starting the date of transition i.e 1 April 2017.

The impact of EIR on Security deposit is ₹ 8.40 lakhs (discounting rate 9.43 %) and ₹ 12.70 lakhs (discounting rate 9.43%) for financial year ending 31 March 2020 and 31 March 2019 respectively

### f. Deferred tax

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using balancesheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has not resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP

### g. Other comprehensive income

Under Indian GAAP, the company has not presented other comprehensive (OCI) separately. Hence it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS

### h. Statement of cash flows

The transition from Indian GAAP to Ind AS has not a material impact on the statement of cash flows

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

**39B Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2020 and 31 March 2019:**

	31 March 20 (₹ in Lakhs)	31 March 19 (₹ in Lakhs)
Accounting profit before tax from continuing operations	4,644	4,551
Profit/(loss) before tax from a discontinuing operations	665	6,693
Accounting profit before income tax	5,309	11,244
At India's statutory income tax rate of 22% (31 March 2019: 30%)		
Adjustments in respect of conversion from Indian GAAP to Ind AS		
Timing difference in gratuity as per Ind As	(13)	16
Timing difference in subscription as per Ind As	(629)	168
Timing difference in Fixed Assets	10	130
Timing difference for other items	(171)	55
Deductions u/s Chapter VIA	97	67
Non-deductible expenses for tax purposes:		
Impairment of business expenses	–	–
Other non-deductible expenses	2,354	1,760
Allowable Expenses	(1,365)	(1,333)
Short Term Capital Gains	186	175
At the effective income tax rate of 25.17% (31 March 2019: 27%)		
Income tax expense reported in the statement of profit and loss	–	–
Basic Tax	1,405	3,732
Surcharge	141	448
Education Cess	62	167
Excess Provision for Last year	–	–
DTA Rate change effect	(314)	7
Income tax expense reported in the statement of profit and loss	1,608	4,347
Income tax attributing to round off	(0.47)	(0.48)

**40. Share based payments**

**Employee Stock Options granted by holding company**

During the year, the holding company issued Current Year NIL (Previous year: 74,000) of stock options to some employees of the holding company who are on deputation with the Company. Further the holding company has also issued Current Year NIL (Previous year: 20,000) stock options directly to the employees of the Company. Since these stock options are issued by the holding company directly to the employees of the Company or holding company and the related costs, if any, will be borne by the holding company, no provision is made in the accompanying financial statements.

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

The expense recognised for employee services (company's employee) received during the year is shown in the following table (₹ in Lakhs)

	31 March 20	31 March 19
Expense arising from equity-settled share-based payment transactions	115	155
	<b>115</b>	<b>155</b>

41. During the year the company has paid Rs. 28.45 crores to Axis Bank Limited towards transfer of Client's Demat accounts. The said transaction is of exceptional nature and is non recurring and has been disclosed accordingly. The total accounts transferred are 1896451 accounts.

42. As the global pandemic COVID-19 continues to spread, on March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days across the country to contain the spread of the virus. The management has assessed the internal and external information upto the date of approval of these financial statements including economic forecasts and concluded that there is no material impact of Covid-19 on the Company's future performance.

### 43. Previous year comparatives

Previous year figures have been regrouped and reclassified, wherever necessary to conform to current year's presentation.

### 44. Events after reporting date

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

For S.R.Baltiboi & Co. LLP

Firm Registration No.: 301003E/E300005

Chartered Accountants

per Jitendra H. Ranawat

Partner

Membership No. : 103380

Place : Mumbai

Date : April 23, 2020

For and on behalf of the Board of Directors

Pralay Mondal

Chairman

DIN No: 00117994

Gopkumar Bhaskaran

Managing Director & CEO

DIN No: 07223999

Hemantkumar Patel

Chief Financial Officer

PAN: AGOPP9611N

Anand Shaha

Whole-Time Director

DIN No: 02421213

Divya Poojari

Company Secretary

PAN: BIJPP6102N