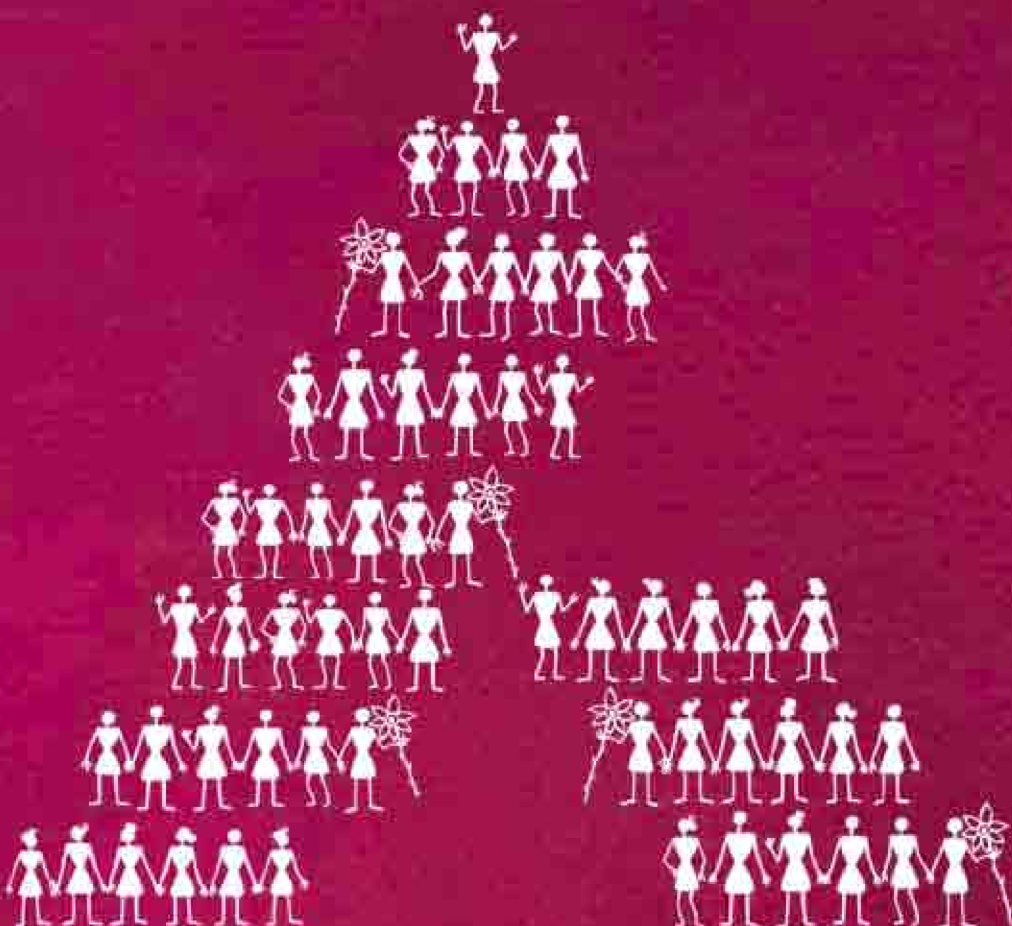
AXIS BANK



16th Annual Report 2009 - 2010

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MANAGING DIRECTOR & CEO'S LETTER TO THE SHAREHOLDERS

I have been in Axis Bank a little over ten months now and am delighted to head a franchise that has earned a reputation for building customer value over the years. I believe that forging mutually beneficial relationships with customers is the key to achieving consistent performance as well as delivering sustainable returns to our shareholders. These relationships span a variety of businesses and we are today recognised as having strong capabilities in building low-cost retail liabilities, financing infrastructure projects and handling a host of capital market activities. The Bank has built competencies in other areas as well, offering a range of banking products to the SME segment and payments solutions to the wider market. The Bank is well-positioned and we see great potential to further build upon our strengths in growing these businesses.

A committed team is another important ingredient for building a franchise of excellence. One of our key objectives is to create a common vision for our employees, which combines business goals with values we hold important: customer-centricity, teamwork, transparency, ownership and ethics. I believe Axis Bank has built its businesses with these basic values and that these will remain guiding principles as we reach higher to step into another level of growth.

In a year of uncertainty, the Bank has delivered a strong performance indicating how well the team has remained focused on its core business strengths. It also underscored the fact that the Bank has a well-balanced business model with diverse revenue streams which can weather adversity. The economic outlook for the country looks promising and while there may be concerns around the slow pace of global recovery and inflation at home, there is unanimity in the view that we are poised at an exciting juncture. This is a great time for India to build its physical and social infrastructure and this will provide an impetus for overall economic growth. I am confident that as robust growth returns, Axis Bank will be able to capitalise on these opportunities and propel itself into the next level of growth. It is important, therefore, that we translate our basic values into an actionable agenda that will enable the Bank to emerge as the preferred provider of financial solutions, enhancing shareholder value.

Shikha Sharma

Managing Director & CEO

20th April 2010

BOARD OF DIRECTORS*

Adarsh Kishore	Chairman
Shikha Sharma	Managing Director & CEO
M. M. Agrawal	Deputy Managing Director
N. C. Singhal	Director
J. R. Varma	Director
R. H. Patil	Director
Rama Bijapurkar	Director
R. B. L. Vaish	Director
M. V. Subbiah	Director
K. N. Prithviraj	Director
V. R. Kaundinya	Director
S. B. Mathur	Director
P. J. Oza	Company Secretary

THE CORE MANAGEMENT TEAM*

S. K. Chakrabarti	Executive Director (Retail Banking, SME and Agri.)
V. Srinivasan	Executive Director (Corporate Banking)
Somnath Sengupta	Executive Director and CFO
Snehomoy Bhattacharya	Executive Director
S. S. Bajaj	President & Chief Compliance Officer
P. Mukherjee	President - Large Corporates & International Banking
Vinod George	President - Wholesale Banking Operations
M. V. Subramanian	President - Business Banking
Rajagopal Srivatsa	President - IT and Retail Banking Operations
S. K. Supekar	President & Chief Audit Executive
B. Gopalakrishnan	President - Law
Manju Srivatsa	President - Retail Banking (Assets)
Bapi Munshi	President & Chief Risk Officer
C. Babu Joseph	President - Advances
Sonu Bhasin	President - Retail Banking (Liabilities)
Sanjeev K. Gupta	President - Finance & Accounts and Investor Relations
V. K. Bajaj	President - Mid Corporates
Sidharth Rath	President - Infrastructure Business
R. K. Bammi	President - North Zone
S. K. Nandi	President - West Zone
S. K. Mitra	President - East Zone
C. P. Rangarajan	President - South Zone

* as on 20th April 2010

M/s S. R. Batliboi & Co.
Chartered Accountants — Auditors

M/s Karvy Computershare Private Limited — Registrar and Share Transfer Agent
UNIT : AXIS BANK LIMITED
Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081
Tel. No. : 040-23420815 to 23420824 Fax No. : 040-23420814

Registered Office
'Trishul', 3rd Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad - 380 006.
Tel. No. : 079-2640 9322 Fax No : 079-2640 9321 Email : p.oza@axisbank.com, rajendra.swaminarayan@axisbank.com
Web site : www.axisbank.com

Central Office
Maker Towers 'F', 13th Floor, Cuffe Parade, Colaba, Mumbai - 400 005
Tel. No. : 022-67074407 Fax No. : 022-2218 6944/2218 1429

Ownership

At Axis Bank every employee is responsible for nurturing the business and enhancing shareholder value.

As employees contribute to building the institution, so do they share in its rewards. All the awards that the Bank has won this year are dedicated to them.

SNAP SHOT OF KEY FINANCIAL INDICATORS : 2006 - 2010

(Rs. in crores)

FINANCIAL HIGHLIGHTS	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009	2009 - 2010	CAGR (5 Years)
Total Deposits	40,113.53	58,785.60	87,626.22	117,374.11	141,300.22	34.83%
- Saving Bank Deposits	8,065.44	12,125.88	19,982.41	25,822.12	33,861.80	47.25%
- Current Account Deposits	7,970.08	11,304.31	20,044.58	24,821.61	32,167.74	35.07%
Total Advances	22,314.23	36,876.48	59,661.14	81,556.77	104,343.12	46.24%
- Retail Advances	6,489.93	8,927.54	13,591.68	16,051.78	20,822.90	37.85%
Total Investments	21,527.35	26,897.16	33,705.10	46,330.35	55,974.82	30.05%
Shareholders' Funds	2,872.19	3,393.23	8,768.50	10,213.59	16,044.45	46.13%
Total Assets / Liabilities	49,731.12	73,257.22	109,577.85	147,722.05	180,647.85	36.77%
Net Interest Income	1,078.23	1,468.33	2,585.35	3,686.21	5,004.49	46.92%
Other Income	729.63	1,010.11	1,795.49	2,896.88	3,945.78	56.84%
Operating Revenue	1,807.86	2,478.44	4,380.84	6,583.09	8,950.27	50.82%
Operating Expenses	814.05	1,214.59	2,154.92	2,858.21	3,709.72	44.87%
Operating Profit	993.81	1,263.85	2,225.92	3,724.88	5,240.55	56.09%
Provisions and Contingencies	508.73	604.82	1,154.89	1,909.52	2,726.02	63.82%
Net Profit	485.08	659.03	1,071.03	1,815.36	2,514.53	49.69%

FINANCIAL RATIOS	2005 - 2006	2006 - 2007	2007 - 2008	2008 - 2009	2009 - 2010
Earnings Per Share (Basic) (in Rs.)	17.45	23.50	32.15	50.61	65.78
Book Value (in Rs.)	103.06	120.50	245.14	284.50	395.99
Return on Equity	18.44%	21.84%	16.09%	19.93%	19.89%
Return on Assets	1.18%	1.10%	1.24%	1.44%	1.67%
Capital Adequacy Ratio / CAR	11.08%	11.57%	13.73%	13.69%	15.80%
Tier I Capital (CAR)	7.26%	6.42%	10.17%	9.26%	11.18%
Dividend Per Share (in Rs.)	3.50	4.50	6.00	10.00	12.00
Dividend Payout Ratio	23.20%	22.58%	23.49%	23.16%	22.57%

HIGHLIGHTS

Profit after tax up 38.51% to Rs. 2,514.53 crores

Net Interest Income up 35.76% to Rs. 5,004.49 crores

Fee & Other Income up 23.80% to Rs. 3,123.40 crores

Deposits up 20.38% to Rs. 141,300.22 crores

Demand Deposits up 30.38% to Rs. 66,029.54 crores

Advances up 27.94% to Rs. 104,343.12 crores

Retail Assets up 29.72% to Rs. 20,822.90 crores

Network of branches and extension counters increased from 835 to 1,035

Total number of ATMs went up from 3,595 to 4,293

Net NPA ratio as a percentage of net customer assets up to 0.36% from 0.35%

Earnings per share (Basic) increased from Rs. 50.61 to Rs. 65.78

Proposed Dividend up from 100% to 120%

Capital Adequacy Ratio stood at 15.80% as against the minimum regulatory norm of 9%

Customer Centricity

The customer is the centre of our universe and our aim is to find a solution to all his financial needs.

A network of over 1,000 branches and 4,293 ATMs provides our customers ease of access as well as customized solutions.

DIRECTORS' REPORT: 2009 - 10

The Board of Directors is pleased to present the Sixteenth Annual Report of your Bank together with the Audited Statement of Accounts, Auditors' Report and the report on business and operations of the Bank for the financial year ended 31st March 2010.

FINANCIAL PERFORMANCE

The financial highlights for the year under review are presented below:

(Rs. in crores)

PARTICULARS	2009 - 10	2008 - 09	Growth
Deposits	141,300.22	117,374.11	20.38%
Out of which			
• Savings Bank Deposits	33,861.80	25,822.12	31.13%
• Current Account Deposits	32,167.74	24,821.61	29.60%
Advances	104,343.12	81,556.77	27.94%
Out of which			
• Retail Advances	20,822.90	16,051.78	29.72%
• Non-retail Advances	83,520.22	65,504.99	27.50%
Total Assets/Liabilities	180,647.85	147,722.05	22.29%
Net Interest Income	5,004.49	3,686.21	35.76%
Other Income	3,945.78	2,896.88	36.21%
Out of which			
• Trading Profit (1)	822.38	373.86	119.97%
• Fee & other income	3,123.40	2,523.02	23.80%
Operating Expenses excl. depreciation	3,475.40	2,669.55	30.19%
Profit before depreciation, provisions and tax	5,474.87	3,913.54	39.90%
Depreciation	234.32	188.66	24.20%
Provision for Tax	1,336.83	969.84	37.84%
Other Provisions & Write offs	1,389.19	939.68	47.84%
Net Profit	2,514.53	1,815.36	38.51%
Appropriations :			
Transfer to Statutory Reserve	628.63	453.84	38.51%
Transfer to Investment Reserve	14.88	0.06	-
Transfer to Capital Reserve	223.92	146.72	52.62%
Transfer to General Reserve	0.31	-	-
Proposed Dividend	567.45	420.52	34.94%
Surplus carried over to Balance Sheet	1,079.34	794.22	35.90%

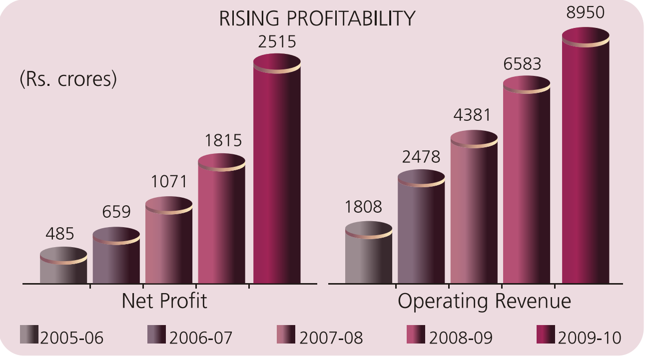
(1) Excluding Merchant Exchange Profit

KEY PERFORMANCE INDICATORS	2009 - 10	2008 - 09
Interest Income as a percentage of working funds*	7.73%	8.59%
Non-Interest Income as a percentage of working funds	2.62%	2.30%
Net Interest Margin	3.75%	3.33%
Return on Average Net Worth	19.89%	19.93%
Operating Profit as a percentage of working funds	3.48%	2.95%
Return on Average Assets	1.67%	1.44%
Profit per employee**	Rs. 11.63 lacs	Rs. 10.02 lacs
Business (Deposits less inter bank deposits + Advances) per employee**	Rs. 11.11 crores	Rs. 10.60 crores
Net Non performing assets as a percentage of net customer assets ***	0.36%	0.35%

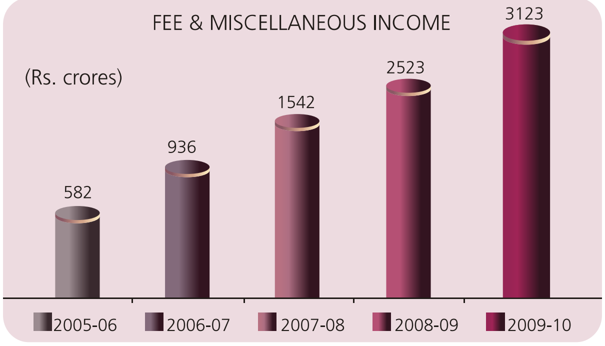
* Working funds represent average total assets.
** Productivity ratios are based on average number of employees for the year.
*** Customer Assets include advances and credit substitutes.
Previous year figures have been regrouped wherever necessary.

In a difficult year for the financial sector, the Bank has delivered a very strong performance with a net profit of Rs. 2,514.53 crores (38.51% higher than the net profit of Rs. 1,815.36 crores last year), Basic Earnings per Share (EPS) of Rs. 65.78 (29.97% higher than the EPS of Rs. 50.61 in 2008-09) and a Return on Equity (ROE) of 19.89% compared to 19.93% last year.

In 2009-10, the total income was Rs. 15,583.80 crores, increasing by Rs. 1,851.44 crores or 13.48% over last year. During the period the operating revenue rose 35.96% to Rs. 8,950.27 crores, while operating profit increased by 40.69% to Rs. 5,240.55 crores, due to a robust growth of core income streams. The Net Interest Income (NII) grew by Rs. 1,318.28 crores to Rs. 5,004.49 crores, rising 35.76%, due in large measure, to lower cost of deposits supported by the solid and sustained growth of the low-cost current account and savings bank (CASA) deposits as well as a sharp fall in the cost of term deposits. NII also grew on the back of strong asset growth across business segments and on a daily average basis, the total earning assets of the Bank increased by 20.46% to Rs. 133,308.75 crores from Rs. 110,663.96 crores last year.



During the year the yield on earning assets declined by 101 basis points from 9.73% last year to 8.72% in line with the general decline in lending rates facilitated by an accommodating monetary policy. The decline in the cost of funds, on the other hand, was steeper, falling 130 basis points from 6.50% last year to 5.20%, mainly on account of the reasons stated above. The share of CASA deposits in the total deposits of the Bank on a daily average basis rose sharply by 429 basis points from 36.10% last year to 40.39% while the cost of term deposits fell 189 basis points from 9.41% last year to 7.52%. As a result, the Net Interest Margin (NIM) climbed 42 basis points over the year. In the last four quarters, the NIM has consistently improved: from 3.34% in Q1, to 3.52% in Q2, 4.00% in Q3 and 4.09% in Q4.

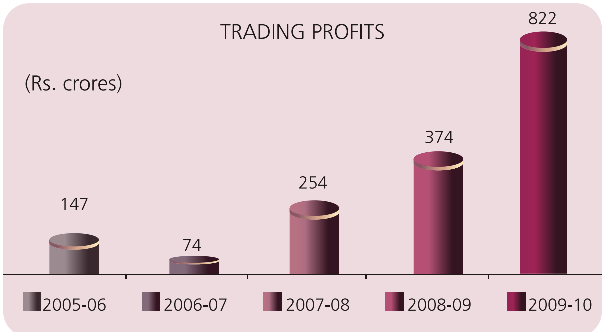


Other income comprising fees, trading profit and miscellaneous income was Rs. 3,945.78 crores, at the end of the year, rising 36.21% or by Rs. 1,048.90 crores over the year. Fee income comprised 32.68% of the operating revenue of the Bank, generated by products and services of diverse businesses such as client-based merchant foreign exchange trade, service charges from account maintenance, transaction banking including cash management services, syndication and placement fees, processing fees from loans and commission on non-funded products such as letters of credit and bank guarantees, inter-change fees on ATM-sharing arrangements and fee income from the distribution of third-party personal investment products. There was also a healthy increase in treasury income by way of proprietary trading profit which grew 119.97% over the year to Rs. 822.38 crores, from Rs. 373.86 crores last year. Miscellaneous income rose 162.24% mainly on account of higher recoveries of loans written-off in earlier years. During the year, such recoveries amounted to Rs. 174.43 crores against Rs. 62.95 crores last year.

The Bank continued to add to its network of branches, ATMs and other channels, contributing in part to the growth of operating expenses of the Bank which rose 29.79% to Rs. 3,709.72 crores over last year. However, the Cost: Income ratio which reflects operational efficiency, improved to 41.45% in 2009-10 from 43.42% last year.

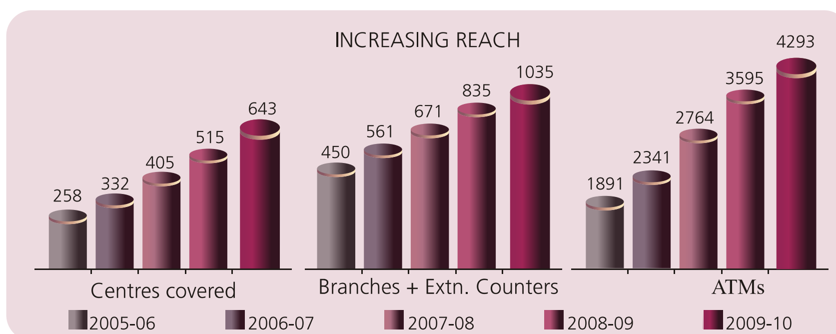
During the year, the Bank created total provisions (excluding provisions for tax) of Rs. 1,389.19 crores against Rs. 939.68 crores last year. Of this, provisions for loan losses were Rs. 1,357.04 crores (against Rs. 732.21 crores last year) as some loan segments came under stress in the wake of the economic slowdown. The Bank accelerated its provisioning requirements in several portfolios as a measure of prudence, increasing the overall provision coverage. The Bank also provided Rs. 56.47 crores against restructured assets. Global recessionary conditions and the consequential impact upon the Indian economy led to a sharp rise of restructured assets in the banking sector during the year. Although the Bank restructured assets of Rs. 1,632.97 crores during the year, it has been able to maintain the quality of its loans, ending the year with a ratio of Gross NPAs to gross customer assets of 1.13% (against 96 basis points last year) and a net NPA ratio (net NPAs as percentage of net customer assets) of 0.36% (against 35 basis points last year). With higher levels of provisions, built over and above the regulatory norms during the year, the Bank achieved a provision-coverage of 72.38% after considering prudential write-offs.

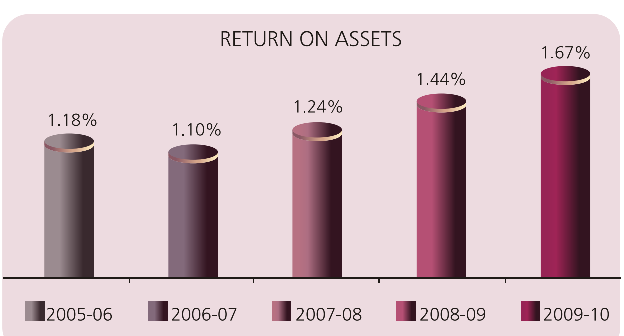
Given the strong revenue growth, key financial parameters and ratios for the year have improved. The ROE declined marginally from 19.93% in 2008-09 to 19.89%. Basic EPS rose to Rs. 65.78 from Rs. 50.61 last year, while diluted EPS was Rs. 64.31 compared to Rs. 50.27 last year. The Book Value per share rose from Rs. 284.50 on 31st March 2009 to Rs. 395.99 on 31st March 2010 while Return on Assets (ROA) improved to 1.67% from 1.44% last year. Employee productivity also improved, profit per employee increasing to Rs. 11.63 lacs from Rs. 10.02 lacs last year and business per employee increasing to Rs. 11.11 crores from Rs. 10.60 crores last year.



Despite relatively subdued growth during the first three quarters of the year, the Bank finished the year with a healthy growth of the balance sheet at Rs. 180,647.85 crores, increasing by Rs. 32,925.80 crores, or 22.29% over last year. Total deposits were Rs. 141,300.22 crores, increasing by Rs. 23,926.11 crores, or 20.38% over last year. Low-cost demand deposits (savings bank and current accounts) (CASA) were Rs. 66,029.54 crores, rising by Rs. 15,385.81 crores, or 30.38% over the year. As on 31st March 2010, the percentage share of low-cost demand deposits (CASA) in total deposits rose to 46.73% from 43.15% last year. Savings bank account deposits grew 31.13% to Rs. 33,861.80 crores, while current account deposits grew 29.60% to Rs. 32,167.74 crores. Total advances were Rs. 104,343.12 crores, growing 27.94% by Rs. 22,786.35 crores from last year. Of this, corporate advances (comprising large and mid-corporate accounts) were Rs. 52,503.53 crores, growing by Rs. 11,292.63 crores or 27.40% over last year. During the same period, advances to the SME segment (including micro finance) were Rs. 19,482.65 crores, increasing by Rs. 3,405.95 crores, or 21.19% over last year, while agricultural lending stood at Rs. 11,534.04 crores, increasing by Rs. 3,316.65 crores or 40.36% over the year. Retail loans wereRs. 20,822.90 crores, increasing by Rs. 4,771.12 crores or 29.72% from last year. The Bank's total investments were Rs. 55,974.82 crores, increasing by Rs. 9,644.47 crores or 20.82% over last year. Investments in government and approved securities, mainly held to meet the Bank's SLR requirement, were Rs. 34,195.88 crores increasing by Rs. 6,473.01 crores or 23.35% over last year. Other investments, including corporate debt securities, were Rs. 21,778.94 crores increasing by Rs. 3,171.46 crores or 17.04% over last year. The total assets of the Bank's overseas branches as on 31st March 2010 were Rs. 13,921.42 crores, increasing by Rs. 2,245.93 crores or 19.24% over last year, constituting 7.71% of the Bank's total assets.

As one of the key planks for business growth and customer-acquisition, the Bank continued to enlarge its distribution network. Widening geographical reach is critical for extending service delivery and for tapping growth opportunities in newer markets, especially in the areas of low-cost CASA deposits, lending to retail, agriculture and SME segments and the sale of third party products. The distribution network now covers 643 centres in India and 4 centres in overseas as on 31st March 2010. The Bank crossed a landmark on 29th March opening its 1000th branch at Bandra West, Mumbai. The Bank is now present in all states and Union Territories (except Lakshadweep) and is present in 401 of the 626 district headquarters in the country. During 2009-10, 200 branches (including service branches/CPC) were added to the Bank's network, taking the total number of branches and Extension Counters (ECs) to 1,035 as on 31st March 2010 from 835 last year. Of these, 320 branches are in semi-urban and rural areas and 707 branches are in metropolitan and urban areas. The ATM network of the Bank grew from 3,595 last year to 4,293 at the end of FY 2010.





CAPITAL & RESERVES

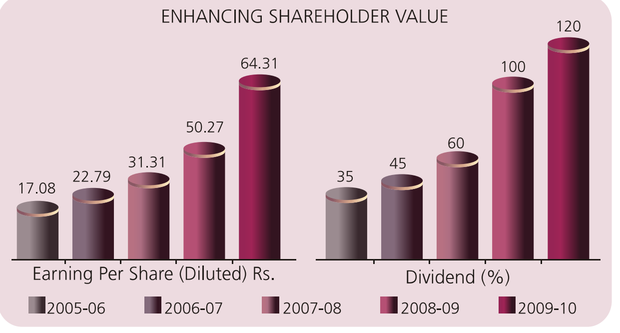
During the year under review, the Bank raised capital in the form of equity and debt to support future growth. It raised Tier I capital in the form of equity capital through simultaneous offerings in the form of a follow-on Global Depositary Receipt (GDR) issue, a Qualified Institutional Placement (QIP) and a preferential allotment of equity shares to the promoters of the Bank. The Bank mobilised an aggregate of Rs. 3,816.14 crores through the three-way offering, of which the Bank raised US Dollars 95.56 million (equivalent to Rs. 459.43 crores) through allotment of 5,055,500 GDRs each representing one equity share of the Bank at a price of US Dollars 18.90 per GDR. The Bank also raised Rs. 2,996.15 crores by issuing 33,044,500 equity shares through a QIP offering, which was priced along with the GDR at Rs. 906.70 per share (equivalent to the price offered under the GDR offering). In order to maintain the percentage shareholding of the Bank's promoters at the pre-GDR/QIP offering levels, Life Insurance Corporation of India and New India Assurance Company Ltd. participated in a preferential offer by subscribing to 3,976,632 equity shares aggregating Rs. 360.56 crores. The equity shares offered under the preferential allotment were also priced at Rs. 906.70 per share (equivalent to price at which both GDR and QIP was offered). Under its Employee Stock Option Plan, the Bank allotted 4,092,369 equity shares to employees during the year under review. The Bank also raised Rs. 2,000 crores by way of subordinated bonds (unsecured redeemable non-convertible debentures) qualifying as Tier II capital.

The Bank is thus well capitalized, with a capital adequacy ratio of 15.80% at the end of the year, of which the Tier I capital adequacy ratio was 11.18% against 9.26% a year earlier, while the Tier II Capital Adequacy Ratio was 4.62% against 4.43% in FY 2009. These measures have significantly strengthened the capital position of the Bank, particularly core Tier I capital, providing adequate support for its growth plans in future.

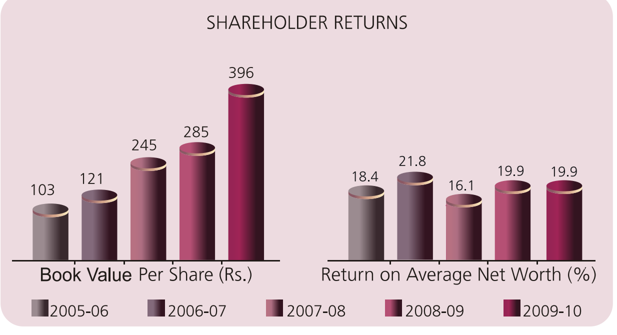
The paid up capital of the Bank as on 31st March 2010 rose to Rs. 405.17 crores from Rs. 359.01 crores as on 31st March 2009. The shareholding pattern of the Bank as of 31st March 2010 is stated below:

Sr. No.	Name of Shareholders	% of Paid Up Capital
i.	Administrator of the Specified Undertaking of the Unit Trust of India (UTI-I)	24.00
ii.	Life Insurance Corporation of India	10.27
iii.	General Insurance Corporation and four PSU Insurance Companies	4.27
iv.	Overseas Investors including FIIs/ OCBs/ NRIs	33.68
v.	Foreign Direct Investment (GDR issue)	8.37
vi.	Other Indian Financial Institutions/ Mutual Funds/ Banks	7.07
vii.	Others	12.34
	Total	100.00

The Bank's shares are listed on the NSE and the BSE. The GDRs issued by the Bank are listed on the London Stock Exchange (LSE). The Bonds issued by the Bank under the MTN programme are listed on the Singapore Stock Exchange. The listing fees relating to all stock exchanges for the current year have been paid. With effect from 26th March 2001, the shares of the Bank have been included and traded in the BSE Group 'A'. Further, with effect from 27th March 2009, the Bank's shares have been included and traded as part of the main NIFTY Index of the NSE. Earlier, the shares of the Bank were part of the NIFTY Junior Index of the NSE.



The Bank's shares were voluntarily delisted from the Ahmedabad Stock Exchange with effect from 17th August 2009 as there was no trading of the Bank's shares at this Stock Exchange and the only trading which took place for the last few years was that of a few shares in February 2000.



DIVIDEND

The Bank's diluted EPS for 2009-10 has risen to Rs. 64.31 from Rs. 50.27 during 2008-09. In view of the overall performance of the Bank, future outlook and the objective of rewarding shareholders with cash dividends while retaining capital to maintain a healthy capital adequacy ratio to support future growth, the Board of Directors has recommended a higher dividend of Rs. 12.00 per share on equity shares, compared to Rs. 10.00 per share declared for the last year. This increase reflects our confidence in the Bank's ability to consistently grow earnings over time.

BOARD OF DIRECTORS

During the year, some changes in the Board of Directors have taken place. Dr. P. J. Nayak, former Chairman and CEO of the Bank retired with effect from 20th April 2009. Shri A. T. Pannir Selvam, nominee Director of the Specified Undertaking of the Unit Trust of India (SUUTI) passed away on 21st April 2009. Shri Ramesh Ramanathan, Independent Director resigned with effect from 14th July 2009. Five new Directors have been inducted in the Board during the year. Smt. Shikha Sharma was appointed as Managing Director and CEO of the Bank with effect from 1st June 2009. RBI gave its approval for the appointment of Shri M. M. Agrawal, former Executive Director (Corporate Banking) of the Bank as Deputy Managing Director with effect from 10th February 2010. Shri V. R. Kaundinya, Managing Director, Advanta India Ltd. was appointed as an Additional Independent Director with effect from 12th October 2009. Dr. Adarsh Kishore, former Finance Secretary, Government of India and former Executive Director, International Monetary Fund and nominee of the Specified Undertaking of the Unit Trust of India (SUUTI) was appointed as an Additional Director with effect from 15th January 2010. RBI gave its approval for the appointment of Dr. Adarsh Kishore as a non-executive Chairman of the Bank with effect from 8th March 2010. Shri S. B. Mathur, former Chairman of LIC and the National Stock Exchange of India was appointed as an Additional Independent Director with effect from 15th January 2010.

The Board of Directors places on record its appreciation and gratitude to Dr. P. J. Nayak for the pivotal role played by him in shaping the strategies of and building the Bank to its present pre-eminent position in the banking sector. The Board of Directors also places on record its appreciation and gratitude to Shri A. T. Pannir Selvam and Shri Ramesh Ramanathan for the valuable services rendered by them during their tenure as Directors of the Bank.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Bank, Dr. R. H. Patil and Smt. Rama Bijapurkar retire by rotation at the Sixteenth Annual General Meeting and, being eligible, offer themselves for re-appointment as Directors of the Bank.

SUBSIDIARIES

The Bank has set up five wholly-owned subsidiaries: Axis Securities and Sales Ltd., Axis Private Equity Ltd., Axis Trustee Services Ltd., Axis Asset Management Company Ltd. and Axis Mutual Fund Trustee Ltd.

Axis Securities and Sales Ltd. was set up in December 2005 (originally incorporated as UBL Sales Ltd., renamed as Axis Sales Ltd. in 2007 and now rechristened as Axis Securities and Sales Ltd. on 5th April 2010) to market credit cards and retail asset products. The objective of setting up the subsidiary was to build a specialised force of sales personnel and optimize operational efficiency by providing greater control over the sales effort in comparison with a Direct Sales Agent (DSA) model. The scope of activities of the subsidiary has now been enlarged to include retail broking. In October 2006, the Bank set up Axis Private Equity Ltd., primarily to carry on the activities of managing equity investments and provide venture capital support to businesses. Axis Trustee Services Company Ltd. was established in May 2008 to engage in trusteeship activities (e.g. acting as a debenture trustee, the trustee to various securitisation trusts as well as other trusteeship businesses). Axis Asset Management Company Ltd. was set up primarily to carry on the activities of managing a mutual fund business in January 2009 and in the same year, Axis Mutual Fund Trustee Ltd. was set up, to act as the trustee for the mutual fund business.

In terms of an exemption received from the Ministry of Corporate Affairs, Government of India through its letter no. 47/39/2010-CL-III dated 25th January 2010 under Section 212(8) of the Companies Act 1956, copies of the Directors' Report, report of the auditors of the five subsidiaries [Axis Sales Ltd. (now renamed as Axis Securities and Sales Ltd.), Axis Private Equity Ltd., Axis Trustee Services Ltd., Axis Asset Management Company Ltd. and Axis Mutual Fund Trustee Ltd.] along with financial statements have not been attached to the accounts of the Bank for the financial year ended 31st March 2010.

Any shareholder who is interested in obtaining a copy of these details may write to the Company Secretary at the Registered Office of the Bank. These documents will also be available for examination by shareholders of the Bank at its Registered Office and also at the registered offices of the five subsidiary companies. In line with the Accounting Standard 21 (AS 21) issued by the Institute of Chartered Accountants of India, the consolidated financial results of the Bank along with its subsidiaries for the year ended 31st March 2010 are enclosed as an Annexure to this report.

EMPLOYEE STOCK OPTION PLAN (ESOP)

To enable employees including whole-time Directors of the Bank to participate in the future growth and financial success of the Bank, the Bank instituted in 2001 an Employee Stock Option Scheme under which 35,770,000 options can be granted to employees. The employee stock option scheme is in accordance with the Securities and Exchange Board of India (Employee Stock Option and Employee

Stock Purchase Scheme) Guidelines, 1999. The eligibility and number of options to be granted to an employee is determined on the basis of the employee's work performance and is approved by the Board of Directors.

The Bank's shareholders approved plans in February 2001, June 2004, June 2006 and June 2008 for the issuance of stock options to employees. Under the first two plans and upto the grant made on 29th April 2004, the option conversion price was set at the average daily high-low price of the Bank's equity shares traded during the 52 weeks preceding the date of grant at the Stock Exchange which has had the maximum trading volume of the Bank's equity share during that period. Under the third plan and with effect from the grant made by the Bank on 10th June 2005, the pricing formula has been changed to the closing price on the day previous to the grant date. The Remuneration and Nomination Committee granted options under these plans on nine occasions: 1,118,925 during 2000-01, 1,779,700 during 2001-02, 2,774,450 during 2003-04, 3,809,830 during 2004-05, 5,708,240 during 2005-06, 4,695,860 during 2006-07, 6,729,340 during 2007-08, 2,677,355 during 2008-09 and 4,413,990 during 2009-10. The options granted, which are non-transferable, vest at rates of 30%, 30% and 40% on each of three successive anniversaries following the grant, subject to standard vesting conditions, and must be exercised within three years of the date of vesting. As of 31st March 2010, 16,338,254 options had been exercised and 13,897,518 options were in force.

Other statutory disclosures as required by the revised SEBI guidelines on ESOPs are given in the Annexure to this report.

CORPORATE GOVERNANCE

The Bank is committed to achieving the highest standards of corporate governance and it aspires to benchmark itself with international best practices in this regard. The corporate governance practices followed by the Bank are enclosed as an Annexure to this report.

The Bank has adopted a major part of the recommendations contained in the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs and is examining the possibility of implementing the remaining recommendations.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors hereby declares and confirms 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 judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Bank and of the Profit & Loss of the Bank for the financial year ended 31st March 2010.

iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies (Amendment) Act, 2000, for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.

IY The annual accounts have been prepared on a going concern basis.

Y The Bank has in place a system to ensure compliance of all laws applicable to the Bank.

STATUTORY DISCLOSURE

Considering the nature of activities of the Bank, the provisions of Section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy and technology absorption do not apply to the Bank. The Bank is, however, constantly pursuing its goal of technological upgradation in a cost-effective manner for delivering quality customer service.

The statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and the rules thereunder, is given in an Annexure appended hereto and forms part of this report. In terms of Section 219(1) (iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy of the Annexure may write to the Company Secretary at the Registered Office of the Bank.

AUDITORS

M/s S. R. Batliboi & Co., Chartered Accountants, had been appointed by the shareholders at the fifteenth Annual General Meeting as Statutory Auditors of the Bank for the year 2009-10 and will be retiring at the conclusion of the forthcoming Annual General Meeting. M/s S. R. Batliboi & Co. have been the Statutory Auditors of the Bank since 2006. As per the regulations of Reserve Bank of India, the same auditors cannot be re-appointed for a period beyond 4 years. It is, accordingly, proposed to appoint M/s Deloitte Haskins & Sells, Chartered Accountants, as the Bank's new Statutory Auditors subject to the approval by the shareholders. The Board of Directors place on record their appreciation of the professional services rendered by M/s S. R. Batliboi & Co., as the Statutory Auditors of the Bank.

ACKNOWLEDGEMENTS

The Board of Directors places on record its gratitude to the Reserve Bank of India, other government and regulatory authorities, financial institutions and correspondent banks for their strong support and guidance. The Board acknowledges the support of the shareholders and also places on record its sincere thanks to its valued clients and customers for their continued patronage. The Board also expresses its deep sense of appreciation to all employees of the Bank for their strong work ethic, excellent performance, professionalism, team work, commitment, and initiative which has led to the Bank making commendable progress in today's challenging environment.

For and on behalf of the Board of Directors

Place : Mumbai
Date : April 20, 2010

Adarsh Kishore
Chairman

ANNEXURE

STATUTORY DISCLOSURES REGARDING ESOP (FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010)

ESOS 2000-01 (Grant date)	Exercise Price (Rs.)	Options Granted	Options Vested	Options Exercised & Shares Allotted*	Options lapsed/ cancelled	Total Options (in force) As on 31 March 2010	Money realised by exercise of options (Rs. in lacs)
24 Feb. 2001	**Rs. 38.63**	1,118,925	-	1,036,969	81,956	-	400.58
28 Feb. 2002	**Rs. 29.68**	1,779,700	-	1,668,835	110,865	-	495.31
6 May 2003	**Rs. 39.77**	2,774,450	-	2,470,907	303,543	-	982.68
29 April 2004	**Rs. 97.62**	3,809,830	27,374	3,263,979	518,477	27,374	3,186.30
10 June 2005	**Rs. 232.10**	5,708,240	914,730	3,893,449	900,061	914,730	9,036.70
17 April 2006	**Rs. 319.00**	4,695,860	1,514,973	2,611,595	569,292	1,514,973	8,330.99
17 April 2007	**Rs. 468.90**	6,729,340	2,399,879	1,293,479	810,609	4,625,252	6,065.12
21 April 2008	**Rs. 824.40**	2,677,355	738,352	98,176	67,435	2,511,744	809.36
20 April 2009	**Rs. 503.25**	4,263,990	4,570	865	109,680	4,153,445	4.35
13 July 2009	**Rs. 738.25**	100,000	-	-	-	100,000	-
7 Sept. 2009	**Rs. 907.25**	50,000	-	-	-	50,000	-
Total		**33,707,690**	**5,599,878**	**16,338,254**	**3,471,918**	**13,897,518**	**29,311.39**

* One (1) share would arise on exercise of one (1) stock option

Other details are as under:

Pricing Formula	Fixed Price i.e. The average daily high - low price of the shares of the Bank traded during the 52 weeks preceding the date of grant at that stock exchange which has had the maximum trading volume of the Bank's share during that period. For options granted on and after 10 June 2005, the exercise price considered is the closing market price as on the day preceding the date of the grant at that stock exchange which has had the maximum trading volume of the Bank's share.
Variation in terms of ESOP	None
Details of options granted:	
• Employee wise details of grants to Senior managerial personnel	Managing Director & CEO - 100,000 options Deputy Managing Director - 222,280 options
• Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year	None
• Identified employees who were granted options, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank under the grant	None
Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	Rs. 64.31 per share

Weighted average exercise price of Options whose:	
• Exercise price equals market price	Weighted average exercise price of the stock options granted during the year is Rs. 513.15.
• Exercise price is greater than market price	Nil
• Exercise price is less than market price	Nil
Weighted average fair value of Options whose:	
• Exercise price equals market price	Weighted average fair value of the stock options granted during the year is Rs. 205.72.
• Exercise price is greater than market price	Nil
• Exercise price is less than market price	Nil
Fair Value Related Disclosure	
• Increase in the employee compensation cost computed at fair value over the cost computed using intrinsic cost method	Rs. 92.75 crores
• Net Profit, if the employee compensation cost had been computed at fair value	Rs. 2,421.78 crores
• Basic EPS, if the employee compensation cost had been computed at fair value	Rs. 63.35 per share
• Diluted EPS, if the employee compensation cost had been computed at fair value	Rs. 61.94 per share
Significant Assumptions used to estimate fair value	
• Risk free interest rate	3.87% - 6.80 %
• Expected life	2 - 4 years
• Expected Volatility	54.00% - 67.11%
• Dividend Yield	1.32%
• Price of the underlying share in the market at the time of option grant	During the year, three grants have made at following prices: Rs. 503.25 Rs. 738.25 Rs. 907.25

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Sr. No.	Name of the Subsidiary Company	Financial year end of the subsidiary	Number of equity shares held by Axis Bank and/or its nominees in subsidiary as on 31st March 2010	Extent of interest of Axis Bank in the capital of the subsidiary	Net aggregate amount of profits/(losses) of the subsidiary so far as it concerns the members of Axis Bank Ltd. and is not dealt with in the accounts of Axis Bank Ltd. for the financial year ended 31st March 2010 (Rs. in thousands)	Net aggregate amount of profits/(losses) of the subsidiary so far as it concerns the members of Axis Bank Ltd. and is dealt with or provided for in the accounts of Axis Bank Ltd. for the financial year ended 31st March 2010 (Rs. in thousands)
1.	Axis Securities and Sales Limited*	31-3-2010	30,000,000 shares of Rs.10.00 each fully paid up	100%	75,949	Nil
2.	Axis Private Equity Limited	31-3-2010	15,000,000 shares of Rs. 10.00 each fully paid up	100%	36,489	Nil
3.	Axis Trustee Services Limited	31-3-2010	1,500,000 shares of Rs. 10.00 each fully paid up	100%	25,133	Nil
4.	Axis Mutual Fund Trustee Limited	31-3-2010	50,000 shares of Rs. 10.00 each fully paid up	100%	77	Nil
5.	Axis Asset Management Company Limited	31-3-2010	68,000,000 shares of Rs. 10.00 each fully paid up	100%	(506,073)	Nil

* the name of the company was changed from Axis Sales Ltd. to Axis Securities and Sales Ltd. with effect from 5th April 2010

For Axis Bank Ltd.

Adarsh Kishore
Chairman

R. H. Patil
Director

N. C. Singhal
Director

Shikha Sharma
Managing Director & CEO

P. J. Oza
Company Secretary

Somnath Sengupta
Executive Director & CFO

R. B. L. Vaish
Director

M. M. Agrawal
Deputy Managing Director

Date : 20th April 2010
Place: Mumbai

Teamwork

None of us can do alone what all of us can do together. Teamwork has always been the key to our success.

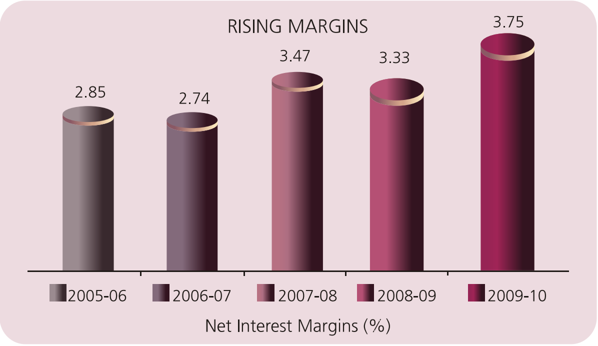
Over 21,000 employees work as one team across 643 towns and cities in the country and 4 centres overseas.

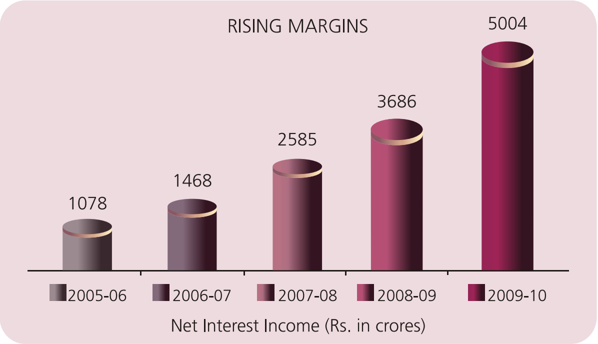
MACRO-ECONOMIC ENVIRONMENT

Fiscal 2009-10 began with India's GDP growth slowing to 6.7 percent in 2008-09, down from an average of 9.5 percent in the previous three years. After a brief but sharp slowdown in the aftermath of the financial crisis that began in the developed economies, India was still able to recover to become the second fastest growing economy in the world. The combination of a stable and sound financial system, effective regulatory oversight and a prompt and appropriate policy stimulus response helped the economy withstand much of the adverse effects of the global slowdown. Secondly, strong demand for consumer goods, both durables and non-durables, has been a reason for the growth remaining relatively robust. The strong domestic demand is now also increasingly being augmented by improving external trade. The recovery could have been even swifter and broader had agricultural output not been adversely affected by deficit rainfall. The growth of the manufacturing sector more than doubled, from 3.2% in 2008-09 to 8.9% in 2009-10. There has also been a recovery in the growth of gross fixed capital formation, which had significantly declined in 2008-09. However, inflationary conditions in 2009-10, especially in the second half of the year, with double-digit food inflation remain an area of concern. The overall GDP growth for 2009-10 is estimated at 7.2%.

The rebound notwithstanding, the slowdown in economic activity resulted in a lower growth of corporate capital expenditure and demand for bank credit, which fell from over 26 percent in early August 2008 to a low of under 10 percent in November 2009. Another impact of the slowdown was a deterioration in the quality of credit and the banking sector witnessed rising levels of delinquencies and restructured assets. There was thus a greater degree of prudence and caution in lending to sectors that appeared relatively vulnerable. On the other hand, slower demand for credit and the consequent ample liquidity led to the deployment of funds for short durations in non-banking investment opportunities such as mutual funds and commercial paper. Despite these and other challenges, Indian banks have been able to maintain their profitability and given the adequate levels of capitalization of a majority of the banks and comprehensive regulatory oversight, the risk of a banking sector led volatility and instability appears remote.

Global credit and liquidity conditions have improved significantly in the second half of 2009 and although it is unlikely that there will be policy tightening in developed countries in the first half of 2010. We do expect a gradual contraction of policy induced liquidity in the future as concerns relating to price pressures and asset bubbles replace concerns about growth. In India, the improvement in the prospects of a GDP growth of ~ 8.5% in 2010-11, is likely to enhance savings and provide domestic liquidity at reasonable cost to fund capex plans. External flows could also be an important source of liquidity in the system. It is expected, therefore, that fiscal 2011 will witness a return to more normal patterns of funds deployment. Although the borrowing programmes of the Union and State governments are likely to remain high in fiscal 2011, it is expected that domestic liquidity, although tighter than in fiscal 2010, is unlikely to be a constraint for corporate borrowing.





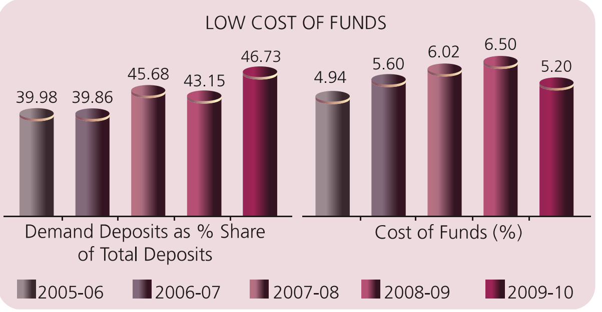
OVERVIEW OF FINANCIAL AND BUSINESS PERFORMANCE

The Bank continued to show robust growth in both business and financial performance indicators during the year 2009-10 in the backdrop of the economic slowdown, by leveraging its basic strengths: the infrastructure created over the years, a well laid-out retail franchise, a large number of corporate relationships and the pre-eminence enjoyed by it in a diverse set of businesses such as infrastructure and capital markets. The strong financial performance reported by the Bank is an assertion of the Bank's strategic focus and adherence to the basics of banking.

During the year, the Bank registered a strong growth in business volumes as well as profits, with the net profit increasing by 38.51% to Rs. 2,514.53 crores from Rs. 1,815.36 crores last year. During the year, total income of the Bank increased by 13.48% to Rs. 15,583.30 crores, while operating revenue increased by 35.96% to Rs. 8,950.27 crores. As on 31st March 2010, total assets of the Bank stood at Rs. 180,647.85 crores, increasing by Rs. 32,925.80 crores, or 22.29% over last year. While total deposits of the Bank increased by 20.38% to Rs. 141,300.22 crores on 31st March 2010, total advances rose by 27.94% to Rs. 104,343.12 crores. The Bank continued to enhance shareholder value with the diluted earnings per share for the year increasing to Rs. 64.31 from Rs. 50.27 last year. As on 31st March 2010, the book value per share of the Bank increased to Rs. 395.99 from Rs. 284.50 as on 31st March 2009.

CAPITAL MANAGEMENT

The Bank strives to provide superior returns, while maintaining a solid capital base to support the risks associated with its diversified businesses. Its capital management framework optimises the use of capital by ensuring its deployment to support business growth in a manner which leads to a high return on equity.



The Bank's capital management approach is driven by the objective of maintaining a strong capital base, reflected through a strong Tier I capital adequacy ratio in order to support the execution of its growth plans and business strategies, while meeting the regulatory capital requirements at all times. The Bank seeks to optimise its cost of capital by proactively managing the mix of retained earnings, debt and selective capital issues. During the year, the Bank continued to attract investor interest from domestic and foreign institutional investors, with perceptible increase in trading volumes and price. To strengthen its core capital, the Bank raised equity capital of Rs. 3,816.14 crores during the year through simultaneous offerings in the form of a follow-on Global Depositary Receipt (GDR) issue, a Qualified Institutional Placement (QIP) and a preferential allotment of equity shares to the promoters of the Bank. The Bank has also raised capital of Rs. 2,000 crores by way of subordinated bonds (unsecured redeemable non-convertible debentures) qualifying as Tier II capital.

The Bank has implemented the Revised Framework of the International Convergence of Capital Measurement and Capital Standards (or Basel II) in 2008. In terms of RBI guidelines for implementation of Basel II, capital charge for credit and market risk for the financial year ended 31st March 2010 is required to be maintained at the higher of the prudential floor prescribed by Basel II and 80% of the level under Basel I. In terms of regulatory guidelines on Basel II, the Bank has computed capital charge for operational risk under the Basic Indicator Approach and the capital charge for credit risk has been estimated under the Standardized Approach. The Bank is well capitalized with the capital adequacy ratio as at the end of the year at 15.80%, substantially above the benchmark requirement of 9% stipulated by Reserve Bank of India. Of this Tier I Capital Adequacy Ratio was 11.18%, as against 9.26% a year earlier, while the Tier II Capital Adequacy Ratio was 4.62%. The following table sets forth the risk-based capital, risk-weighted assets and capital adequacy ratios computed as on 31st March 2009 and 2010 in accordance with the applicable RBI guidelines under Basel I and Basel II.

(Rs. in crores)

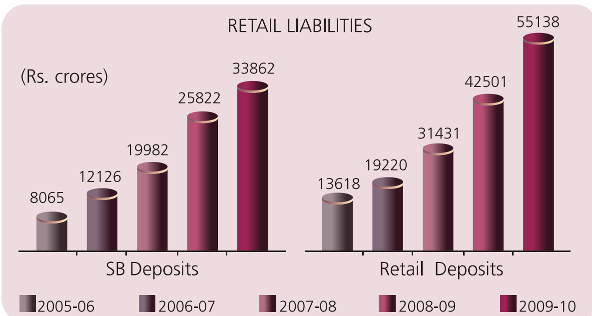
AS ON 31st MARCH	2010		2009	
	Basel II	Basel I	Basel II	Basel I
Tier I Capital	15,789.42	15,789.42	10,162.98	10,175.42
Tier II Capital	6,518.47	6,518.47	4,864.66	4,864.66
Out of which				
- Bonds qualifying as Tier II capital	4,842.70	4,842.70	3,054.80	3,054.80
- Upper Tier II capital	1,248.98	1,248.98	1,370.78	1,370.78
- Other eligible for Tier II capital	426.79	426.79	439.08	439.08
Total Capital qualifying for computation of Capital Adequacy Ratio	22,307.89	22,307.89	15,027.64	15,040.08
Total Risk-Weighted Assets and Contingencies	141,169.77	118,598.01	109,787.49	108,110.01
Total Capital Adequacy Ratio (CAR)	15.80%	18.81%	13.69%	13.91%
Out of above				
- Tier I Capital	11.18%	13.31%	9.26%	9.41%
- Tier II Capital	4.62%	5.50%	4.43%	4.50%

BUSINESS OVERVIEW

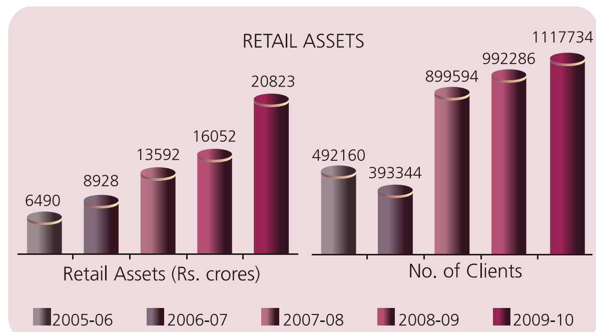
An overview of various business segments along with the performance during 2009-10 and their future strategies is presented below:

RETAIL BANKING

The Bank aims to increase its market-share in India's expanding financial services industry through continued emphasis on building a strong retail franchise. The Bank remains committed to developing long-term strong relationships with its customers and ensuring that they have access to high-quality service as well as the full suite of financial solutions to help achieve their financial objectives. Growth strategies have focused on building profitable relationships across various customer segments. In order to achieve the objective of becoming more customer-centric, rather than product-centric, the Bank has restructured Retail Banking into two groups namely Mass and Mass Affluent, and Affluent segments. The Mass and Mass Affluent Segment owns, as the name indicates, mass-market customers, while the Affluent Segment owns clientele defined as affluent, comprising customers in the wealth and private banking space.

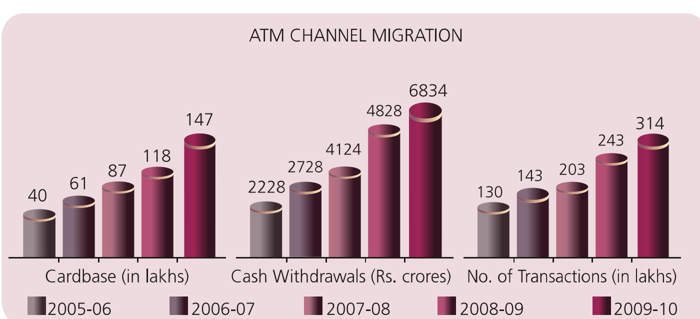


During the year, the Bank has succeeded in continuing the momentum of growth in retail liabilities with a special focus on the quality of acquisition. The Bank has acquired 2,013,531 Savings Bank accounts during the current year compared to 2,316,887 accounts last year. However, the new Savings Bank acquisition has translated into an incremental value of Rs. 8,060 crores this year against Rs. 7,873 crores last year, evidencing that a particular attention to the quality of the acquisition is critical. On 31st March 2010, Savings Bank deposits grew to Rs. 33,861.80 crores, an increase of Rs. 8,039.68 crores, or 31.13% over last year. The Bank is committed to addressing the needs of the Mass Affluent segment and also to take the Priority Banking offering to a larger set of customers and locations. Towards that end, the Bank has set up 11 new Priority Lounges during the year, in 3 new centres in the country. In order to broad-base its deposit base, the Bank has steadily increased its retail term deposits through the year. As on 31st March 2010, retail term deposits of the Bank were Rs. 21,276.81 crores, an increase of Rs. 4,598.12 crores, or 27.57% over last year. The share of aggregate retail deposits, comprising savings bank and retail term deposits in total deposits increased to 39.02% on 31st March 2010 from 36.21% last year.

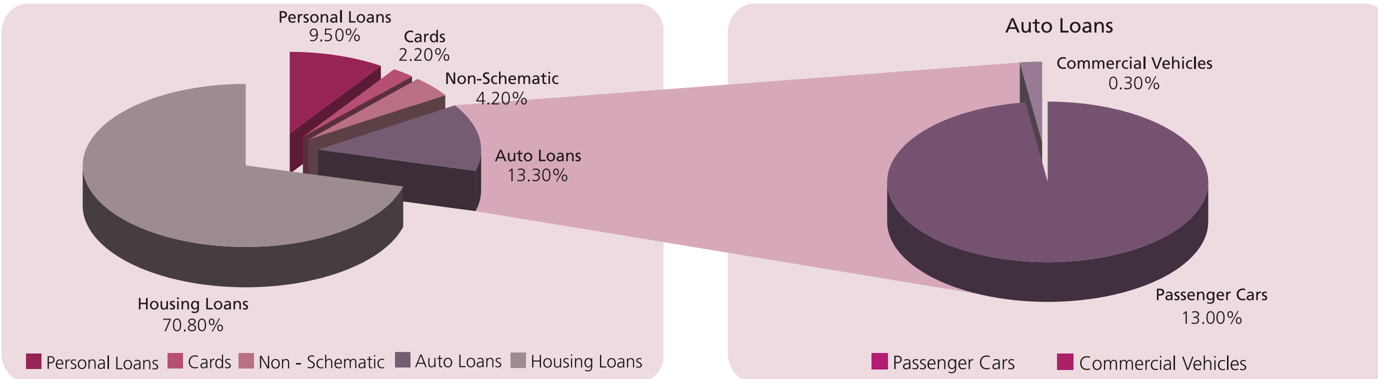


Cross-sell continues to be an important strategic goal for the Bank. The retail base of ~ 12.5 million customers is being leveraged more effectively to increase cross-sell penetration.

With improvement in the broader economy, demand for retail loans moved in a positive trajectory, particularly from July 2009 onwards. At the end of the financial year, the retail assets portfolio was Rs. 20,822.90 crores, increasing by Rs. 4,771.12 crores, or 29.72% over last year. The growth areas identified by the Bank were home and auto loans.



The Cards business of the Bank has grown steadily as an important and valuable adjunct to the deposit and loan businesses. It comprises three key products - debit cards, prepaid cards and credit cards. In addition, the Bank also has a large merchant-acquiring business facilitated by EDC terminals installed at merchant establishments throughout the country. The Bank is the fourth largest debit card issuer in the industry with a base of 147 lac debit cards issued till 31st March 2010. With 14 variants designed for different customer segments, the debit card base has grown 23% year-on-year. The Bank was also the first to launch a Platinum Chip Debit Card in the country, which is presently offered exclusively to the Priority Banking customer segment. In the prepaid cards market, the Bank has attained a leadership position offering a bouquet of products suited to a variety of needs: Rewards Cards - for disbursement of incentives and commissions, Payroll Cards - for low-value salary payments, Gift Cards - a substitute for cash, gift vouchers and physical gifts, Meal Cards - for disbursement of meal allowances, Annuity Cards -for annuity payments to customers of LIC of India and Remittance Cards - for disbursement of inward remittances. As on 31st March 2010, the Bank had issued more than 2 million pre-paid cards. The Bank also issues travel currency cards - foreign currency denominated prepaid cards, positioned as a convenient alternative to travellers' cheques. It is



issued in nine currencies. The Bank has also issued more than 550,000 credit cards since its launch in 2006 and today offers an entire range of retail and commercial cards. Since its launch of the innovative Secured Credit Card, the Bank has become a market leader in the product with a card base of 102,000, helping the Bank grow its credit card portfolio in difficult market conditions. During the year, the Bank also launched the Signature Credit Card that offers benefits like priority pass, concierge facilities, complimentary travel insurance and premium brand offerings. A slew of measures have been taken to improve portfolio quality and these include greater focus on higher income customer segments, portfolio rationalisation, tighter credit monitoring and a robust collection infrastructure. The Bank launched its merchant-acquiring business in December 2003, and in over six years, has emerged as one of the largest acquirers in the country with an installed base of ~1.60 lac point-of-sale terminals.

The Bank also focuses on distribution of third party products, with a special thrust on mutual funds and Bancassurance. While the general insurance industry continued to be affected by de-tariffing in certain insurance products, the distribution of these products generated a premium of over Rs. 130 crores in the financial year registering a growth of 28%, with an emphasis on need-based product offerings across the Bank's branches. Similarly, the Bank has been engaged in a successful referral partnership for the distribution of life insurance products, with a collection of ~ Rs. 390 crores of annual premium in 2009-10.

The Bank is a leading distributor of mutual funds in the country, adding 90,000 new customers in 2009-10. During the year, the Bank set a milestone with a collection of Rs. 714 crores in the NFO of Axis Equity launched by the Axis Mutual Fund. Of the 92,000 applications collected in the NFO of Axis Equity, 77% was from retail investors investing less than Rs. 50,000 each, which reflects the Bank's ability to generate interest among small retail investors in investment opportunities.

The Bank offers Demat services from more than 750 branches across the country and presently has more than 2 lac accounts. Axis Bank offers 'Online Trading Services' in alliance with Geojit BNP Paribas, facilitating seamless stock-trading through electronic linkages of trading, bank and demat accounts with high-security online features. During the year, ~ 47,000 customers have subscribed to the Bank's online trading account, the total traded volume in which was more than Rs. 8,000 crores.

Axis Bank Wealth, launched in 2008-09, is a comprehensive value proposition aimed at taking care of the financial needs of clients, which include their investment and business needs, besides normal banking facilities. The Bank is able to provide expertise to assist customers to protect and grow their wealth from a long-term perspective. Presently, the proposition is being offered at select centres across India and the total assets under management of over 1,800 clients of Axis Bank Wealth are over Rs. 2,200 crores.

In September 2009, Axis Bank launched the private banking business in the domestic market, christened 'Privée' to cater to highly-affluent individuals and families offering them unique investment opportunities. Axis Bank Privée offers sophisticated investment and advisory services to clients who entrust the Bank with Assets under Management (AUM) of more than Rs. 5 crores. It has been rolled out across six cities in India in 2009-10 and follows a team-based approach for managing client relationships.

CORPORATE BANKING

The Bank's Corporate Banking franchise aims to provide a wide array of products across several customer segments, including credit, trade finance, structured finance and syndication services for debt and equity. Since each corporate engagement also offers opportunities on the retail side of the business, products anchored in the Retail SBUs also form a part of the corporate marketing effort. New customer acquisition and relationship-deepening constitute the two-pronged strategy for growth. In order to leverage growth opportunities offered by India's infrastructure sector, a separate infrastructure business group has been established within the corporate banking group.

As per Planning Commission estimates, infrastructure spending in India which was at a level of 5% of the GDP in 2006-07 rose to 5.75% in 2007-08 and the target level for the 11th Five Year Plan (2007-12) is to achieve infrastructure investment of 9.00% of GDP. The dampening of equity markets following the global financial crisis acted as decelerators for mobilizing resources for the infrastructure sectors in FY 2009. However capital flows to the sector have steadily improved thereafter. The economic downturn has reaffirmed the need for higher infrastructure spending for sustained growth of the economy and the quantum of spending of approximately USD 500 billion envisaged during the 11th Five Year Plan is expected to double to USD 1 trillion in the next five year plan (2012-17).

The Bank has continued to retain its leadership position in the infrastructure debt market and syndicated an aggregate amount of Rs. 27,000 crores by way of Rupee and Foreign currency loans during 2009-10. Euromoney Project Finance (Deals of the Year 2009) has conferred several awards in the area of infrastructure financing to the Bank. These include categories such as 'Road Deal of the Year', 'Indian Rail Deal of the Year' and 'Indian PPP Deal of the Year'.

CORPORATE CREDIT

During the year, corporate credit, including lending to large and mid-corporates and to infrastructure, grew to Rs. 52,503.53 crores, increasing by Rs. 11,292.63 crores, or 27.40% over last year. This includes the lending out of the Bank's overseas branches at Rs. 12,285.40 crores (equivalent to USD 2.74 billion).

The Bank's approach to credit in the large corporate and infrastructure segments is sectoral, allowing for an efficacious mining of opportunities in each sector as well as improved evaluation of sector-specific risks. The credit policy of the Bank has put in place a matrix of industry exposure limits with a view to de-risking of the portfolio through diversification. In keeping with this strategy, the highest exposure to any sector was 17.50% of the Bank's total lending (10.65% previous year). The practice of internal and external rating continues to be undertaken on an ongoing basis. The entire corporate credit portfolio is internally rated with 74.42% of the ratings accorded being A and above. 74.13% of the portfolio has been externally rated till the end of the year. The mid-corporate group is an important business segment of the Bank, with a credit book of Rs. 11,466.55 crores on 31st March 2010, increasing by Rs. 2,485.87 crores, or 27.68% over last year. This includes advances at overseas branches of Rs. 931.11 crores (equivalent to USD 207 million), comprising mainly credit extended to Indian corporates.

The mid-corporate segment has maintained its asset-quality and controlled delinquencies through constant and close monitoring. Besides widening the customer base of the mid-corporate segment and adopting a careful assessment of acceptable risk-return tradeoffs, the focus of the segment has been to deepen existing client relationships by actively cross-selling a wide range of products and services, based on detailed client-wise account plans, thereby increasing the Bank's share in the aggregate business level of the customer.

TREASURY

The Bank has an integrated Treasury, covering both domestic and global markets, which manages the Bank's funds across geographies. During the year, the Bank posted a vigorous growth in both customer-based and proprietary Treasury business. In foreign exchange business, the Bank has increased its presence in the inter-bank markets and despite the competitive environment, grew the customer forex (merchant) business during 2009-10 by 36% year-on-year. The Bank offers products in the bullion business and in the Currency Futures segment (it became a member on the NSE and the MCX in the Currency Futures segment).

The Bank has played a key role in the sovereign debt markets during the year and booked trading gains from the government securities portfolio of Rs. 302.63 crores against Rs. 217.35 crores last year. During the year, the Bank became a member of the NSE on the Interest Rate Futures segment and used the Interest Rate Swap market for proprietary trading as well as for hedging its balance sheet risks.

The Bank enlarged its business with financial institutions during the year raising foreign currency resources to support customer trade business across the borders and increasing trade finance activity. The Bank also participated actively in risk-participation business overseas with several reputed international banks. The Bank has a stringent process of setting up interbank exposure limits and a strong monitoring process to react quickly to changing markets and economic conditions.

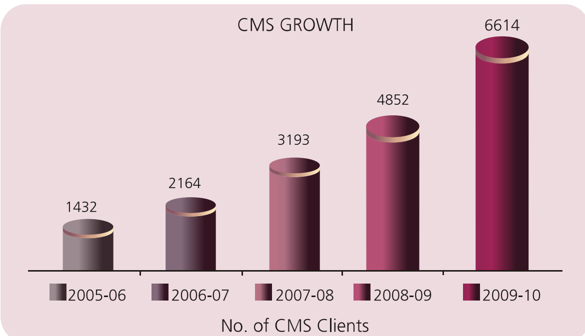
Debt Capital Market and Equity Trading

The Bank continued to maintain its leadership position in the domestic debt market and has syndicated an aggregate amount of around Rs. 69,077 crores through the private placement of bonds and debentures. Prime database has ranked the Bank as the number 1 arranger for private placement of bonds and debentures till December 2009. Bloomberg has also ranked the Bank as number 1 in India Domestic Bond League Table for the calendar year 2009 and for the quarter ended 31st March 2010. Asia Money has rated the Bank as the Best Domestic Debt House in India for the year 2009.

The Bank maintains an investment of proprietary trading portfolio in corporate bonds and equities. As on 31st March 2010, the Bank's investment in corporate bonds, equities and others was Rs. 21,778.94 crores against Rs. 18,607.48 crores last year.

BUSINESS BANKING

Business Banking initiatives have consistently focused on procuring low-cost funds by offering a range of current account products and cash management solutions across all business segments covering corporates, institutions, central and state government ministries and undertakings, as well as small and retail business customers. The cross-selling of transactional banking products have also succeeded in enlarging the customer base and growing current account balances. Thus, sourcing of current accounts is one of the key enablers for the growth of the balance sheet. As on 31st March 2010, current account balances for the Bank stood at Rs. 32,167.74 crores, against Rs. 24,821.61 crores on 31st March 2009, rising 29.60% over the year. On a daily average basis, current account balances grew from Rs. 14,658.35 crores on 31st March 2009 to Rs. 18,321.75 crores on 31st March 2010, thus increasing 24.99% over the year.



With the intent of providing business clients greater flexibility in meeting their transactional banking requirements, the Bank has made significant improvements in its alternate banking channel using mobile and internet banking. Cash Management Services (CMS) also leveraged the network and reach to provide a wide range of customized collection and payments solutions. Strong correspondent bank alliances similarly offer corporate clients a very wide geographical coverage. The network and technology-based solutions have helped the Bank handle bulk-payment mandates for dividends, interest payments, redemptions and refunds. The Bank has designed several facilities for its corporate clientele using its technology platform. One such facility is the Power Access solution which provides seamless integration between Bank's core banking system, the payment modules and the corporate client's ERP Systems. The Bank has established a strong presence with companies raising equity funds, by offering its services as bankers to the Issue.

The Bank acts as an agency bank for government business offering banking services to various Central Government ministries / departments and other State Governments/Union Territories. Currently, the Bank accepts income/other direct taxes through 214 authorised branches at 137 locations and central excise and service taxes though 56 authorised branches at 13 locations. The Bank also handles disbursement of civil pension through 218 authorised branches and defence pension through 151 authorised branches. Additionally, the Bank provides collection and payment services to four Central Government ministries/departments and eight State Governments/Union Territories. During the year, the Bank received approval from the Government of Sikkim for handling collection of sales tax in the state.

The Bank also strengthened its association with the e-Governance initiatives of various state governments in India aimed at providing better delivery of citizen/ business services. During the year, the Bank received approvals from governments of Chhattisgarh and Orissa towards appointment as the nodal bank for their 'e-Procurement Projects'.

The Bank is associated with Government of Andhra Pradesh for implementing Electronic Benefit Transfer (EBT) Projects, a new line of business for handling disbursements relating to various Govt. Benefit Schemes through Smart Cards under an IT Enabled Financial Inclusion Model in four districts. During the year, the Bank extended its association to three more state governments for implementing similar EBT Projects in various districts (two in Chhattisgarh and one each in Haryana and Karnataka). As a result of these business initiatives, the total government business throughput during the year was Rs. 71,039 crores against Rs. 60,869 crores in the previous year.

CAPITAL MARKETS

During the year, the Capital Markets SBU was restructured with the debt capital market business (hitherto a part of the capital markets) carved into a separate vertical. As a result, the Bank's Capital Markets SBU comprises equity capital markets (ECM) business, mergers and acquisitions and private equity syndication. There is thus a separate and clear focus on the equity capital markets involving the various facets of its businesses. The turmoil in the global financial markets in the early part of the year adversely affected deal flow as equity investors stayed away from the markets and companies put expansion plans on hold. With improvement in the global capital markets, there was an improvement in the ECM activity in the second half of the financial year.

The Bank is a SEBI-registered Category I Merchant Banker and has been fairly active in advising Indian companies to raise equity through IPOs, FPOs, QIPs and Rights issues. The Bank has built strong relationships with Indian companies, becoming an effective bridge between such corporates and domestic and international institutional investors. During 2009-10, the Bank advised over 10 companies in raising Rs. 5,288 crores from international and domestic equity investors. The M&A advisory focuses on domestic and cross-border buy and sell mandates for Indian clients. The Private Equity business works with the Bank's mid-cap and SME clients and advises them in raising capital from private equity investors.

The improved economic situation has had a beneficial effect on the financial markets. The Capital Markets SBU has taken various initiatives to improve origination efforts by partnering closely with the Bank's relationship teams to mine existing corporate relationships.

LENDING TO MICRO, SMALL AND MEDIUM ENTERPRISES, AGRICULTURE AND MICRO FINANCE

The Micro, Small and Medium Enterprises (MSME) segment is a key target area of business for the Bank. MSMEs play a vital role in the development of the economy and generation of employment through the diversity of businesses that such enterprises are engaged in, the entrepreneurial talent that has built the businesses and their geographical dispersion. Banks are able to participate in both fund and non-fund based credit limits, diversification of risk and cross-selling. Importantly, banks can also fulfill their priority sector obligations by lending to MSME. The Bank has set up 25 SME Centres to focus on lending to this sector.

The Bank continued to focus on agriculture lending and build on its cluster-based approach. Nine Agriculture Business Centres manage retail agriculture, corporate agriculture and commodity business (i.e. financing against warehouse receipts). The focus of different agri-business segments, through different teams and a wide range of products, has helped in business growth in each of these segments.

The retail agricultural model consists of 56 agriculture clusters, which are placed in areas best suited for retail agriculture business. The Bank undertakes retail agriculture lending through 246 branches, which are the contact points for the clientele in this segment. The Bank has client-specific relationship manager/credit analyst teams with sectoral expertise, to drive the corporate agriculture business.

Under the warehouse receipt financing scheme, agricultural commodities stored in warehouses are financed all over the country through the network of branches working under the overall supervision of our eleven Commodity Business Centres. Bank finance has been extended to farmers, joint liability groups, traders, food processors, aggregators etc. During the year, agriculture advances grew by 40.36% to Rs. 11,534.04 crores, constituting 12.54% of the Bank's domestic advances. As on the last Friday of March 2010, the direct agriculture lending was 10.14% of the adjusted net bank credit of the Bank.

The poor and vulnerable sections of society face a dearth in banking and financial services in India. Over the past decade, micro finance has played an important role in filling this gap and Micro Finance Institutions (MFI) are uniquely positioned to provide financial services to a clientele poorer and more vulnerable than traditional bank clientele. The Bank has supported MFIs over several years and as on 31st March 2010, the Bank has financed 87 institutions and has extended assistance through them to 20 lac such poor and marginalized people. The Bank has also extended credit aggregating Rs. 0.33 crores under the Differential Interest Rate scheme to very poor people in four states. The Bank continued its strategy of extending loans under various government sponsored schemes.

Financial Inclusion

Despite considerable economic progress and pursuit of explicit developmental goals over the years, India has amongst the world’s least-penetrated banking systems. This unbanked population in both rural and urban areas, which presently utilizes informal channels (including a significant dependence on non-institutional sources for credit) represents a vast, untapped market for banks. Tapping this fragmented market, however, is a challenge which our existing brick-and-mortar banking model alone cannot overcome. While the Bank presently offers a no-frills account for the unbanked and participates in Electronic Benefit Transfer projects of several state governments, it seeks to comprehensively implement the Financial Inclusion plan through both the brick-and-mortar model as well as a branchless Information and Communication Technology or ICT-driven model, using business facilitators and business correspondents to provide the last-mile connect with customers in unbanked areas.

INTERNATIONAL BANKING

The International Banking strategy of the Bank revolves around leveraging its relations with corporates in India while providing banking solutions at overseas centres. The product offerings at overseas centres cover a wide spectrum of businesses involving retail banking, wealth management, corporate banking and treasury solutions.

The Bank's international presence spans the major financial hubs in Asia with branches at Singapore, Hong Kong and DIFC, Dubai, and representative offices at Shanghai and Dubai, besides strategic alliances with banks and exchange houses in the Gulf Co-operation Council (GCC) countries. While branches at Singapore, Hong Kong and DIFC-Dubai enable the Bank to partner with Indian corporates doing business globally, the Dubai Representative Office and the arrangement with GCC based banks and exchange houses provide access to the NRI population. The Shanghai Representative Office apart from providing presence in the key market of China fulfills the regulatory requirement of establishing a branch in course of time to enhance the ability of the Bank to tap business opportunities emanating from that region.

The Bank consciously focused on consolidation of its overseas balance sheet with optimum use of resources at the cost of growth. As of 31st March 2010, the total asset size at the three foreign branches was USD 3.10 billion.

RISK MANAGEMENT

Banking is the business of managing risks and the role of risk management is to balance the trade-off between risk and return. It entails the identification, measurement and management of risks across the various businesses and effective utilization of capital. Risk is managed through a framework of policies and principles approved by the Board of Directors and supported by an independent risk function that ensures the Bank operates within its risk appetite. The risk management function attempts to anticipate vulnerabilities at the transaction level or at the portfolio level, as appropriate, through quantitative or qualitative examination of the embedded risks. The Bank continues to focus on refining and improving its risk measurement systems.

The main risks faced by the Bank are credit risk, market risk, operational risk and liquidity risk. The Bank's risk management processes are guided by well-defined policies appropriate for the various risk categories, independent risk oversight and periodical monitoring through the sub-committees of the Board. The Board sets the overall risk appetite and philosophy for the Bank. The Risk Management Committee, which is a sub-committee of the Board, reviews various aspects of risk arising from the businesses undertaken by the Bank. The Committee of Directors and the Audit Committee of the Board supervises certain functions and operations of the Bank, which ultimately enhances the risk and control governance framework within the Bank. Various senior management credit and investment committees: Credit Risk Management Committee (CRMC), Asset-Liability Committee (ALCO) and Operational Risk Management Committee (ORMC) operate within the broad policy framework of the Bank.

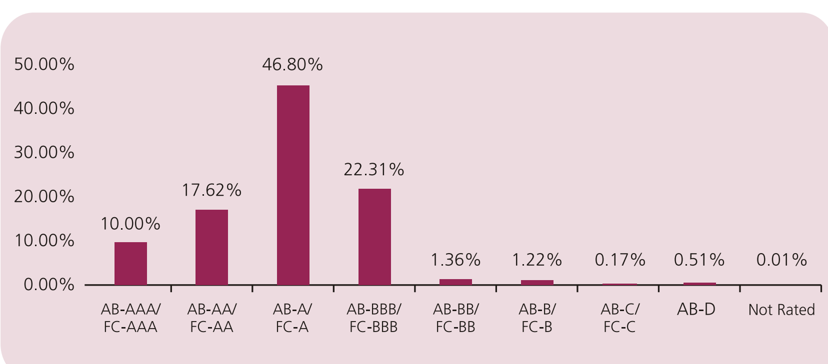
Credit Risk

Credit risk arises from all transactions that give rise to actual, contingent or potential claims against any counterparty, borrower or obligor. The emphasis is placed, both on evaluation and containment of risk at the individual exposures and analysis of the portfolio behaviour. The Bank has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. Every extension of credit or material change to a credit facility to any counterparty requires credit approval at the appropriate authority level. Internal risk rating remains the foundation of the credit assessment process, which provides integrity, and objectivity to the process. The internal rating along with the size of the exposure determines the level of sanctioning authority required to extend or materially change the terms of credit and the monitoring frequency applicable to the exposure in line with the policies approved by the Board. Credit exposures may arise from direct lending, off-balance sheet products such as bank guarantees, letters of credits and derivative transactions in the trading book, and from the holdings of debt securities in the trading or banking book. Both credit and market risk expertise are combined to manage risk arising out of traded credit products such as bonds, credit derivatives and market related off-balance sheet transactions.

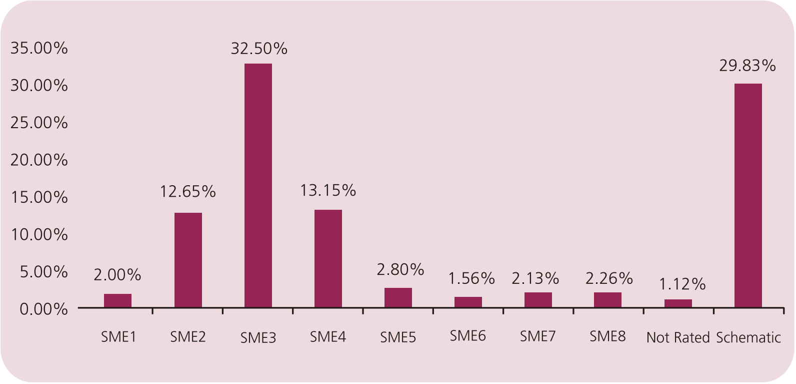
The Bank continuously monitors portfolio concentrations by borrower, groups, industry and geography, where applicable. Portfolio level delinquency matrices are tracked at frequent intervals. The rating-wise portfolio distribution gives an indication of portfolio quality as well as the possible impact under stress conditions. The Risk Management Committee of the Board periodically reviews the impact of the stress scenarios resulting in rating downgrades, or drop in asset values in case of secured exposures on the portfolio. The portfolio level risk analytics provide insight into the capital allocation required to absorb unexpected losses at a defined confidence level.

A graphical representation highlighting the distribution of risk across various rating grades for large corporate, mid corporate, infrastructure business and SME portfolio as on 31st March 2010 is given below

Rating Distribution for Large Corporate / Infrastructure Business /Mid Corporate Exposure as on 31st March 2010



Rating Distribution for SME Exposure as on 31st March 2010



Market Risk

Market risk is the risk to the Bank's earnings and capital due to changes in the market level of interest rates, prices of securities, foreign exchange and equities, as well as the volatilities of those changes. The Bank is exposed to market risk through its trading activities, which are carried out both for customers and on a proprietary basis. The Bank adopts a comprehensive approach to market risk management for its trading, investment and asset/liability portfolios. For market risk management, the Bank uses both non-statistical measures like position, gaps and sensitivities (duration, PVBP, option greeks) and statistical measures like Value at Risk (VaR), supplemented by Stress Tests and Scenario Analysis.

The Bank uses Historical Simulation and its variants for computing VaR for its trading portfolio. VaR is calculated at a 99% confidence level for a one-day holding period. The VaR models for different portfolios are back-tested at regular intervals and the results are used to maintain and improve the efficacy of the model. The VaR measure is supplemented by a series of stress tests and sensitivity analysis that estimates the likely behaviour of a portfolio under extreme but plausible conditions and its impact on earnings and capital.

Liquidity Risk

Liquidity Risk is defined as the current and prospective risk to earnings or capital arising from a bank's inability to meet its current or future obligations on the due date. The Bank's ALM policy defines the gap limits for its structural liquidity position. The liquidity profile of the Bank is analyzed on a static basis by tracking all cash inflows and outflows in the maturity ladder based on the expected occurrence of cash flows. The liquidity profile of the Bank is also estimated on a dynamic basis by considering the growth in deposits and loans, investment obligations, etc. for a short-term period of three months.

The Bank's ability to meet its obligations and fund itself in a crisis scenario is critical and accordingly, liquidity stress tests are conducted under different scenarios at periodical intervals to assess the impact on liquidity to withstand stressed conditions. The liquidity positions of overseas branches are managed in line with the Bank's internal policies and host country regulations. Such positions are also reviewed centrally by the Bank's ALCO along with domestic positions.

Operational Risk

To manage the operational risk in an effective, efficient and proactive manner, the Bank has an Operational Risk Management (ORM) Policy, which is reviewed annually by the Risk Management Committee of the Board (RMC). In addition to the ORM policy, operational risk management framework, loss data collection methodology, risk and control self-assessment framework, key risk indicators framework and roles and responsibilities of operational risk management function are approved by the RMC. The Bank has an Operational Risk Management Committee (ORMC), which oversees the implementation of the aforesaid framework/policies. In terms of the ORM policy/framework, the Risk Department identifies, assesses, monitors and mitigates/controls the risk to an acceptable level. New products, processes and services introduced by the Bank are subject to rigorous risk review and sign-off process by the Product Management Committee where all relevant risk are identified and assessed by the departments, independent of the risk-taking unit (product/process/service owner). Similarly, changes proposed in the existing product/processes/services are also subject to review by the Change Management Committee. Outsourcing arrangements are examined and approved by the Outsourcing Committee. The IT Security Committee of the Bank provides directions for mitigating the operational risk in information systems. As per the directions of the ORMC, a sub-committee (Sub-ORMC) has been constituted wherein the operational risk issues are discussed in detail. The Bank has put in place a Business Continuity Plan (BCP) for all the critical applications.

INFORMATION TECHNOLOGY

Technology is one of the key enablers for business and IT has enabled a scalable, robust and function-rich platform to deliver business value for the customers. A strategy of offering increasing functionalities to customers across channels like ATM, net banking, mobile banking has been supported by IT by providing a secured and efficient platform. The Bank has consistently remained amongst the top performing banks in terms of value and accuracy of undertaking government transactions.

Mobile financial services introduced by the Bank have the potential to transform not only the way consumers interact with the Bank, but also to radically change the way they pay for goods and services and exchange money with other individual consumers. The features include balance inquiry, mini statements, funds transfer, bill payments and requests for PIN and cheque book. The Bank has implemented NetSecure, a Two-Factor Authentication system to provide added security to online banking transactions, which makes fund transfers completely safe and secure.

The Bank has taken various initiatives towards green IT by using technology in ways supporting the environment for instance disposing IT assets in an eco-friendly way, recycling wherever possible, going for virtualization, small footprint equipment like blade servers, small factor desktops, investing in less power-consuming equipment, moving to LCD monitors from traditional CRT monitors etc. Another major step in this direction is sending password-protected e-statements to registered customers to reduce the use of paper. The statement covers all the accounts of the customer. This facility is also made available in net banking for downloading depending on customer requirement. At present it is available in English and Hindi. There are plans to extend to other Indian languages.

The Bank has built its own Tier-III Data Center at Bangalore and has moved its IT business continuity operations to this new state-of-the-art Data Center, which has the capability to support future expansion of business.

OPERATIONS

The business model of the Bank, as it has evolved over the years, now requires the separation of production and distribution functions within the Bank, with transaction processing and customer databases (the production technology) becoming increasingly centralised and product sales and customer handling (the distribution technology) being the primary function at the branches. The business process re-engineering has helped reduce transaction costs and besides introducing smoothness in operations. To bring about greater precision in the management of operations in both the retail and corporate side of the Bank's businesses, some changes in organisational design were introduced during the year.

Retail Banking Operations

Given the importance of providing both seamless service to retail clientele and also ensuring secure, compliant systems, the Retail Banking Operations (RBO) department has been formed. During the year, some of the initiatives undertaken were intended to improve the operational efficiency of branches. Monitoring and control functions were also reinforced for risk containment and regulatory compliance. For instance, the monitoring of implementation of Know Your Customer (KYC) guidelines for new accounts has been made more stringent. Concurrent auditors were appointed at 19 Scan Hubs to make the account opening process robust and compliant. 8 Regional Support Centres were setup for distributing customer kits, thereby reducing costs and increasing productivity and efficiency. The account-opening process was further streamlined by introducing warehousing of forms across 19 centres in the country. Based upon customer feedback, key processes have been analyzed and corrective measures where needed to improve operational efficiency and turnaround time have been initiated. The RBO worked in close co-ordination with the Service Quality department to enhance customer experience at branches.

Wholesale Banking Operations

As a part of the overall organizational re-design, Wholesale Banking Operations (WBO) Group was formed by hiving-off all units performing operations for the corporate segment customers and consolidated under a unified control. The WBO group focus is to develop efficient and best of class transaction processing capability with a thorough understanding of client-needs. Its goal is to deliver banking outputs to wholesale banking clients through efficient deployment of skilled manpower and appropriate technologies. The group comprises five verticals - Corporate Banking Operations Department (CBO), Treasury Operations (TO), Trade Finance Center (TFC), Centralized Collections and Payments Hub (CCPH) and Channel Finance Hub (CFH).

Corporate Banking Operations (CBO) involves delivery, control, monitoring and administration of credit facilities and processing of domestic trade finance transactions of large and mid-corporates, and SME customers while ensuring compliance with regulatory guidelines and systems and procedures of the Bank in the conduct of credit operations. Treasury Operations (TO) involves the settlement and accounting of treasury-related transactions. The Trade Finance Centre handles remittances and trade finance transactions processing on behalf of distribution channels dealing in trade finance and foreign exchange. Centralised Collections and Payments Hub (CCPH) handles payments and collections and the Channel Finance Hub (CFH) processes disbursals and arranges MIS for advances under Channel Financing.

COMPLIANCE

In accordance with the Bank's Compliance Policy and as per the directives issued by Reserve Bank of India, the Compliance department plays a crucial role in implementing the compliance functions in the Bank. The instructions/guidelines issued by the regulatory authorities during the year were disseminated throughout the Bank in order to ensure that the business/functional units operate within the boundaries set by the regulator. All new products and processes launched during the year were subjected to vetting from the compliance standpoint in accordance with the Bank's Compliance Policy, which is based upon the rules, laws and standards of regulatory as well as non-regulatory bodies. The Bank has introduced a mechanism for monitoring and identification of suspicious transactions and transaction-patterns, in accordance with international best practices, enabling pre-emptive action and also facilitating the reporting to the Financial Intelligence Unit - India mandated by the Prevention of Money Laundering Act, 2002. As an ongoing exercise, Compliance is engaged in enhancing the skill-sets of the operating staff on 'Know Your Customer' and 'Anti-Money Laundering' norms through specialised training.

The Bank oversees the primary aspect of vigilance and has a zero tolerance policy for fraud, corruption and financial irregularity. It encourages 'whistle blowing' as a matter of corporate culture.

INTERNAL AUDIT

The Bank's Internal Audit function undertakes a comprehensive risk-based audit of branches, Retail Asset Centres (RAC), Service Branches and Credit Management Centres (CMC) to assess efficacy and adequacy of internal controls. It also undertakes internal-cum-management audit of the Bank's Central Office departments. During the year, Information System (IS) audits were conducted in respect of 117 software applications, Network, Data Centre and Business Continuity Centre. To ensure independence, the Internal Audit function has a reporting line to the Audit Committee of the Board (ACB), which oversees its performance and reviews the effectiveness of the operational and regulatory controls laid down by the Bank and RBI.

In all, 641 branches/Service Branches, 47 RACs, 10 CMCs, 17 CBO branches, 3 overseas branches and 2 Representative offices, 36 Central Office departments and back-offices were subjected to internal audit during the year covering 88% of the Bank's total business. Further, 34 branches, 8 CMCs, 22 RACs and 10 Central office departments are placed under concurrent audit.

During the year, Internal Audit department undertook various initiatives such as adoption of elaborate Internal Audit Charter, which reflects internal audit mission, objectives, nature and scope, its independence, accountability, responsibility, expectations and reporting structure; rolling out a Self-Audit model aimed at ushering an improved compliance culture. Internal Audit department has upgraded its process standards by adopting ISO 2000-2008 Standards successfully. Its processes and systems have also been evaluated by an independent Chartered Accountants' firm of international repute.

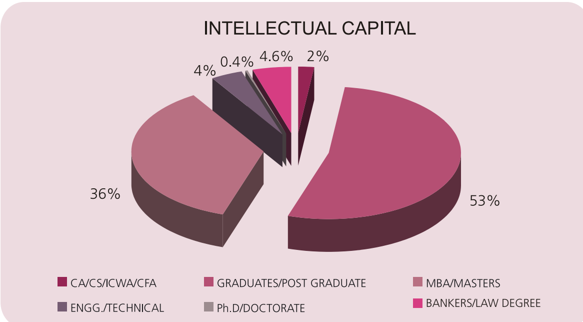
CORPORATE SOCIAL RESPONSIBILITY (CSR)

As an integral part of society, the Bank is aware of its corporate social responsibilities and has been engaged in community and social investments. For this purpose, the Bank has set up a Trust - the Axis Bank Foundation, to channel its philanthropic initiatives. The Axis Bank Foundation has committed itself to participate in various socially relevant endeavours with a special focus on education for the special/underprivileged children. The Trustees of the Foundation have focused on education for underprivileged children and these are largely supported by programme grants in order that the projects become replicable. The Bank has decided to contribute upto one percent of its net profit annually to the Foundation under its CSR initiative. During the year, the Foundation partnered with twelve more NGOs, taking the partnership to a total of 42 NGOs, for educating underprivileged children and special children all over India. The Foundation has committed grants for projects running upto three years. Eight hundred and fifty nine education centres, involving 12 States are covered by the Foundation programmes. 55,452 children are covered under the programmes that include 27,899 girls and 27,553 boys. The projects supported by the Foundation involves imparting quality education for the underprivileged child (with a special focus on the girl child), focusing on early childhood programmes for 2-6 year olds, focusing on projects that encourage 'Inclusive Education' for physically challenged children, teacher training programmes that result in competencies to teach pre-primary and primary school children and supporting vocational training centres in slum areas to imparting training to school dropouts.

The Axis Bank Foundation will also play an important role under the Bank’s Financial Inclusion initiative. It is proposed that literacy campaigns will be launched by the Bank in all regions where financial inclusion is undertaken where the objective of the Bank will be to impart financial awareness. It will also undertake various other initiatives such as healthcare, vocational training and other community development programmes like afforestation and rain-water harvesting in these areas.

HUMAN RESOURCES

The Human Resources (HR) agenda of the Bank aims to create a team of empowered employees oriented to realization of the Bank's Vision. During the year, the key HR issues that were addressed related to learning and skill development, management of performance, ensuring an enhanced work-life balance and attrition management.



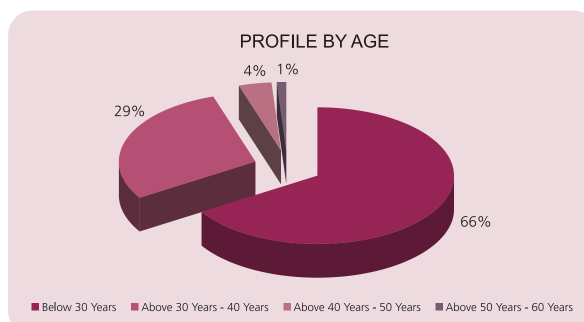
The employee engagement initiatives focused on providing opportunities to staff to seek aspirational roles through internal job postings and periodic job rotations, making the compensation structure more competitive, streamlining the performance-linked rewards and incentives, and generally sending a clear message of meritocracy.

The Bank has also built training infrastructure, which seeks to upgrade skill levels across grades and functions through a combination of in-house and external programmes. The flagship in-house programmes include the Induction Programme for new entrants and Credit and Foreign Exchange Programmes for building up a pool of specialists in the respective domains. External Programmes encompass value-added programmes on Team Building and Leadership, Organizational Development, Management Development Programmes, People Management Programmes, all conducted by premier institutes like the IIMs, Administrative Staff College of India (ASCI) and ISB Hyderabad. Senior functionaries have also been deputed overseas to attend specialized programmes intended to keep them updated on developments in the world economy.

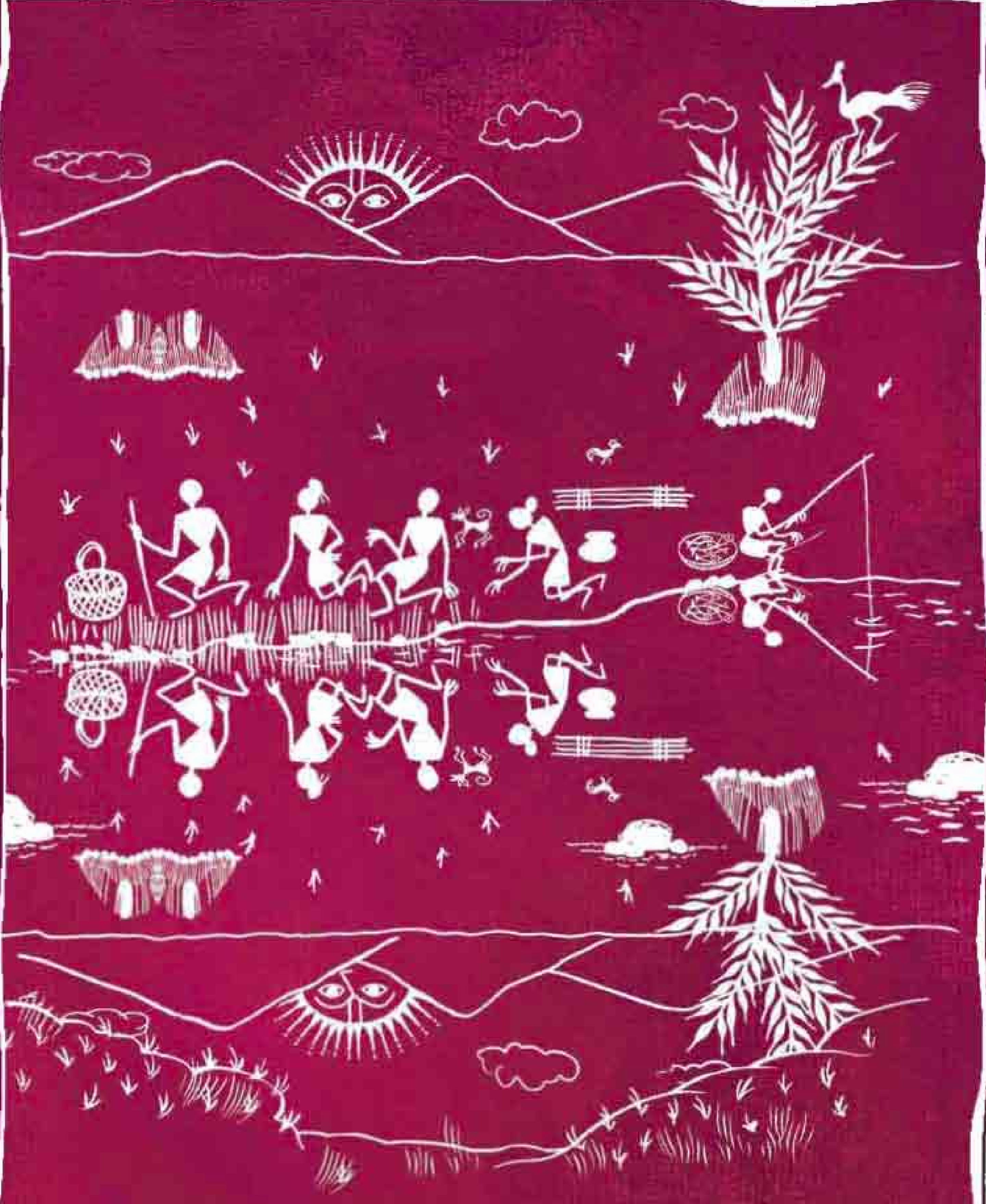
The Bank also has a comprehensive e-learning module conceptualized and developed in-house and administered through the intranet. Keeping pace with the growth in the diversity of products on the one hand and manpower on the other, the training man- days have increased from 57,317 last year to 65,378 during the year, registering a growth of 14%.

The Bank's Performance Management System, where recognition is directly related to performance, has been further streamlined during the year with a view to encouraging dialogue on performance and developmental feedback between the appraisee and appraiser. Competency clusters were defined for employees at different levels of the hierarchy to promote desired behaviour and to facilitate an objective assessment. Sessions were conducted across the Bank to educate supervisors on the revised process. This apart, a 360-degree feedback process has been used for the first time as a part of leadership development process in the Bank.

On the talent acquisition front, the Bank has emerged as a strong employer brand in the financial services sector and especially on the campuses of the premier business schools of the country. The strength of the workforce at the year-end was 21,640 as compared to 20,624 in the previous year. We believe some of the other significant contributory factors for the emergence of the Axis Bank brand as a major player are a young workforce with an average age of 29 years, the Bank's policy of espousing the cause of affirmative action by being an equal opportunity employer and participation in various social initiatives like Teach for India.



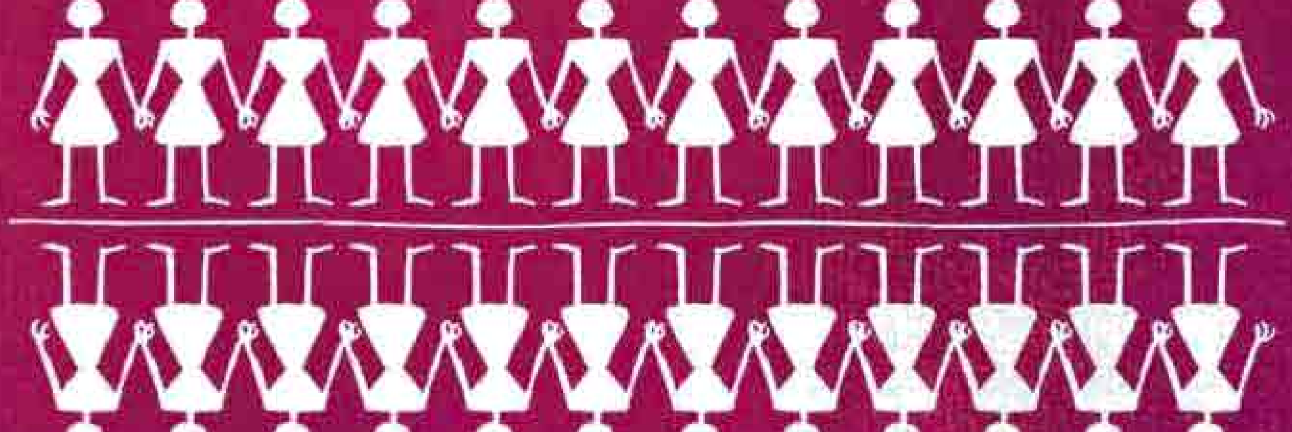
Through the fulfillment of its HR agenda, the Bank will continue to strive towards realisation of the ultimate goal of being the preferred financial service provider excelling in customer delivery through insight, empowered employees and smart use of technology.



Transparency

Every initiative taken, information shared and product launched has reflected our true image.

Being upfront and straightforward is the way we like to do business. So that customers and stakeholders know at all times what our aspirations are.



AUDITORS' REPORT

To
The Members of Axis Bank Limited

1. We have audited the attached balance sheet of Axis Bank Limited ('the Bank') as at 31 March 2010 and also the profit and loss account and cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with accounting standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. The balance sheet and profit and loss account are drawn up in conformity with Forms A and B (revised) of the Third Schedule to the Banking Regulation Act, 1949, read with Section 211 of the Companies Act, 1956.

4. We report that:

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory;

b) In our opinion, the transactions of the Bank which have come to our notice have been within its powers;

c) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Bank's branches;

d) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

e) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956, insofar as they apply to banks;

f) On the basis of written representations received from the directors, as on 31 March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required for banking companies, and give a true and fair view in conformity with the accounting principles generally accepted in India;
   i. in case of the balance sheet, of the state of the affairs of the Bank as at 31 March 2010;
   ii. in case of the profit and loss account, of the profit for the year ended on that date; and
   iii. in case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.
Firm Registration No.: 301003E
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.: 048749

Place: Mumbai
Date: 20 April 2010

AXIS BANK LIMITED - BALANCE SHEET

BALANCE SHEET AS ON 31 MARCH 2010

	Schedule No.	As on 31-03-2010 *(Rs. in Thousands)*	As on 31-03-2009 *(Rs. in Thousands)*
CAPITAL AND LIABILITIES			
Capital	1	**4,051,741**	3,590,051
Reserves & Surplus	2	**156,392,749**	98,545,835
Employees' Stock Options Outstanding (Net)	17 (5.16)	**1,734**	12,111
Deposits	3	**1,413,002,175**	1,173,741,052
Borrowings	4	**171,695,512**	155,198,710
Other Liabilities and Provisions	5	**61,334,608**	46,132,728
TOTAL		**1,806,478,519**	1,477,220,487
ASSETS			
Cash and Balances with Reserve Bank of India	6	**94,738,756**	94,192,103
Balances with Banks and Money at Call and Short Notice	7	**57,325,631**	55,976,854
Investments	8	**559,748,156**	463,303,514
Advances	9	**1,043,431,188**	815,567,658
Fixed Assets	10	**12,224,199**	10,728,873
Other Assets	11	**39,010,589**	37,451,485
TOTAL		**1,806,478,519**	1,477,220,487
Contingent liabilities	12	**3,182,052,916**	2,092,603,126
Bills for collection		**192,928,684**	139,573,115
Significant Accounting Policies and Notes to Accounts	17 & 18		

Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date
For S. R. Batliboi & Co.
Firm Registration No.: 301003E
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.: 048749

For Axis Bank Ltd.

Adarsh Kishore
Chairman

R. H. Patil
Director

N. C. Singhal
Director

Shikha Sharma
Managing Director & CEO

P. J. Oza
Company Secretary

Somnath Sengupta
Executive Director & CFO

R. B. L. Vaish
Director

M. M. Agrawal
Deputy Managing Director

Date : 20 April 2010
Place: Mumbai

AXIS BANK LIMITED - PROFIT & LOSS ACCOUNT

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

		Schedule No.	Year ended 31-03-2010 *(Rs. in Thousands)*	Year ended 31-03-2009 *(Rs. in Thousands)*
I	**INCOME**			
	Interest earned	13	**116,380,215**	108,354,856
	Other income	14	**39,457,819**	28,968,781
	TOTAL		**155,838,034**	137,323,637
II	**EXPENDITURE**			
	Interest expended	15	**66,335,261**	71,492,742
	Operating expenses	16	**37,097,223**	28,582,127
	Provisions and contingencies	18 (2.1.1)	**27,260,217**	19,095,184
	TOTAL		**130,692,701**	119,170,053
III	**NET PROFIT FOR THE YEAR (I - II)**		**25,145,333**	18,153,584
	Balance in Profit & Loss Account brought forward from previous year		**23,480,865**	15,538,689
IV	**AMOUNT AVAILABLE FOR APPROPRIATION**		**48,626,198**	33,692,273
V	**APPROPRIATIONS :**			
	Transfer to Statutory Reserve		**6,286,333**	4,538,396
	Transfer to Investment Reserve		**148,750**	622
	Transfer to Capital Reserve	18 (2.2.1)	**2,239,176**	1,467,231
	Transfer to General Reserve	18 (2.1.35)	**3,109**	-
	Proposed Dividend (includes tax on dividend)	18 (2.2.4)	**5,674,493**	4,205,159
	Balance in Profit & Loss Account carried forward		**34,274,337**	23,480,865
	TOTAL		**48,626,198**	33,692,273
VI	**EARNINGS PER EQUITY SHARE**	18 (2.2.2)		
	(Face value Rs.10/- per share) (Rupees)			
	Basic		**65.78**	50.61
	Diluted		**64.31**	50.27
	Significant Accounting Policies and Notes to Accounts	17 & 18		
	Schedules referred to above form an integral part of the Profit and Loss Account			

As per our report of even date
For S. R. Batliboi & Co.
Firm Registration No.: 301003E
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.: 048749

For Axis Bank Ltd.

Adarsh Kishore
Chairman

R. H. Patil
Director

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Company Secretary

Somnath Sengupta
Executive Director & CFO

R. B. L. Vaish
Director

M. M. Agrawal
Deputy Managing Director

Date : 20 April 2010
Place: Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	Year ended 31-03-2010 *(Rs. in Thousands)*	Year ended 31-03-2009 *(Rs. in Thousands)*
Cash flow from operating activities		
Net profit before taxes	**38,513,633**	**27,851,939**
Adjustments for:		
Depreciation on fixed assets	**2,343,218**	1,886,663
Depreciation on investments	**(222,334)**	1,078,002
Amortization of premium on Held to Maturity investments	**829,739**	927,742
Provision for Non Performing Advances/Investments (including bad debts)	**13,570,445**	7,322,127
General provision on securitized assets	**-**	(6,437)
Provision on standard assets	**(9,100)**	1,055,000
Provision for loss in present value for agricultural assets	**-**	6,900
Provision for wealth tax	**3,483**	2,883
Loss on sale of fixed assets	**38,707**	81,999
Provision for country risk	**(15,300)**	3,500
Contingent provision against derivatives	**-**	(719,733)
Provision for restructured assets	**564,722**	654,586
Amortization of deferred employee compensation	**(230)**	(2,510)
	55,616,983	40,142,661
Adjustments for:		
(Increase)/Decrease in investments	**(49,859,981)**	(35,356,100)
(Increase)/Decrease in advances	**(241,808,777)**	(225,884,514)
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt and upper Tier II instruments)	**(1,717,478)**	45,614,357
Increase/(Decrease) in deposits	**239,261,124**	297,478,846
(Increase)/Decrease in other assets	**215,852**	(8,262,795)
Increase/(Decrease) in other liabilities & provisions	**13,727,672**	2,828,679
Direct taxes paid	**(15,146,740)**	(11,044,801)
Net cash flow from operating activities	**288,655**	105,516,333
Cash flow from investing activities		
Purchase of fixed assets	**(4,065,926)**	(3,867,421)
(Increase)/Decrease in Held to Maturity investments	**(47,352,587)**	(93,950,560)
Proceeds from sale of fixed assets	**188,676**	398,386
Net cash used in investing activities	**(51,229,837)**	(97,419,595)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	Year ended 31-03-2010 *(Rs. in Thousands)*	Year ended 31-03-2009 *(Rs. in Thousands)*
Cash flow from financing activities		
Proceeds from issue of Subordinated debt,		
Perpetual debt and Upper Tier II instruments (net of repayment)	**18,214,280**	19,050,630
Proceeds from issue of Share Capital	**461,690**	12,954
Proceeds from Share Premium (net of share issue expenses)	**38,570,041**	375,614
Payment of Dividend	**(4,205,287)**	(2,515,993)
Net cash generated from financing activities	**53,040,724**	16,923,205
Effect of exchange fluctuation translation reserve	**(204,112)**	106,610
Net increase in cash and cash equivalents	**1,895,430**	25,126,553
Cash and cash equivalents at the beginning of the year	**150,168,957**	125,042,404
Cash and cash equivalents at the end of the year	**152,064,387**	150,168,957

Note :

1. Cash and cash equivalents comprise of cash on hand & in ATM, balances with Reserve Bank of India, balances with banks and money at call & short notice (refer schedule 6 and 7 of the Balance Sheet)

As per our report of even date
For S. R. Batliboi & Co.
Firm Registration No.: 301003E
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.: 048749

For Axis Bank Ltd.

Adarsh Kishore
Chairman

R. H. Patil
Director

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Managing Director & CEO

P. J. Oza
Company Secretary

Somnath Sengupta
Executive Director & CFO

R. B. L. Vaish
Director

M. M. Agrawal
Deputy Managing Director

Date : 20 April 2010
Place: Mumbai

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2010

	As on 31-03-2010 *(Rs. in Thousands)*	As on 31-03-2009 *(Rs. in Thousands)*
SCHEDULE 1 - CAPITAL		
Authorized Capital		
500,000,000 Equity Shares of Rs.10/- each (Previous year - 500,000,000 Equity Shares of Rs.10/- each)	**5,000,000**	5,000,000
Issued, Subscribed and Paid-up capital		
405,174,119 Equity Shares of Rs.10/- each fully paid up (Previous year - 359,005,118 Equity Shares of Rs.10/- each fully paid-up) [Included above are 33,899,480 GDRs (previous year 27,847,621) representing 33,899,480 equity shares (previous year 27,847,621)]	**4,051,741**	3,590,051
SCHEDULE 2 - RESERVES AND SURPLUS		
I. **Statutory Reserve**		
Opening Balance	**13,062,790**	8,524,394
Additions during the year	**6,286,333**	4,538,396
	19,349,123	13,062,790
II. **Share Premium Account**		
Opening Balance	**59,115,068**	58,732,207
Additions during the year	**39,064,364**	382,861
Less: Share issue expenses	**(484,177)**	-
	97,695,255	59,115,068
III. **Investment Reserve Account**		
Opening Balance	**622**	-
Additions during the year	**149,372**	622
Less: Deductions during the year	**(622)**	-
	149,372	622
IV. **General Reserve**		
Opening Balance	**143,000**	143,000
Additions during the year	**3,109**	-
	146,109	143,000
V. **Capital Reserve**		
Opening Balance	**2,619,129**	1,151,898
Additions during the year	**2,239,176**	1,467,231
	4,858,305	2,619,129
VI. **Foreign Currency Translation Reserve [refer 17(5.5)]**		
Opening Balance	**124,361**	17,751
Additions during the year	**(204,113)**	106,610
	(79,752)	124,361
VII. **Balance in Profit & Loss Account**	**34,274,337**	23,480,865
TOTAL	**156,392,749**	98,545,835

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2010

	As on 31-03-2010 *(Rs. in Thousands)*	As on 31-03-2009 *(Rs. in Thousands)*
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
(i) From banks	**13,564,428**	13,315,583
(ii) From others	**308,112,937**	234,900,487
II. Savings Bank Deposits	**338,617,974**	258,221,163
III. Term Deposits		
(i) From banks	**41,073,459**	55,641,822
(ii) From others	**711,633,377**	611,661,997
TOTAL	**1,413,002,175**	1,173,741,052
B. I. Deposits of branches in India	**1,371,814,555**	1,149,494,124
II. Deposits of branches outside India	**41,187,620**	24,246,928
TOTAL	**1,413,002,175**	1,173,741,052
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
(i) Reserve Bank of India	**-**	10,795,500
(ii) Other Banks#	**4,534,500**	8,973,500
(iii) Other institutions & agencies**	**69,317,373**	50,726,037
II. Borrowings outside India $	**97,843,639**	84,703,673
TOTAL	**171,695,512**	155,198,710
Secured borrowing included in I & II above	-	-

\# Borrowings from other Banks include Subordinated Debt of Rs. 384.45 crores (previous year Rs. 456.35 crores) in the nature of Non- Convertible Debentures, Rs. 5.00 crores (previous year Rs.14.00 crores) of Perpetual Debt and Rs. 64.00 crores (previous year Rs. 127.00 crores) of Upper Tier II instruments [Also refer 18 (2.1.2) & 18 (2.1.3)]

** Borrowings from other institutions & agencies include Subordinated debt of Rs. 5,101.85 crores (previous year Rs. 3,059.95 crores) in the nature of Non-Convertible Debentures, Rs. 209.00 crores (previous year Rs. 200.00 crores) of Perpetual Debt and Rs. 243.50 crores (previous year Rs. 180.50 crores) of Upper Tier II instruments [Also refer 18 (2.1.2) & 18 (2.1.3)]

$ Borrowings outside India include Rs. 206.54 crores (previous year Rs. 233.31 crores) of Perpetual Debt and Rs. 941.48 crores (previous year Rs. 1,063.28 crores) of Upper Tier II instruments [Also refer 18 (2.1.3)]

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2010

		As on 31-03-2010 *(Rs. in Thousands)*	As on 31-03-2009 *(Rs. in Thousands)*
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I.	Bills payable	**29,104,011**	19,367,738
II.	Inter - office adjustments (net)	**-**	-
III.	Interest accrued	**3,480,104**	2,385,801
IV.	Proposed dividend (includes tax on dividend)	**5,669,386**	4,200,180
V.	Contingent provision against standard assets	**4,635,084**	4,644,183
VI.	Others (including provisions)	**18,446,023**	15,534,826
	TOTAL	**61,334,608**	46,132,728
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I.	Cash in hand & in ATM [including foreign currency notes]	**19,007,011**	15,414,811
II.	Balances with Reserve Bank of India :		
	(i) in Current Account	**75,731,745**	78,777,292
	(ii) in Other Accounts	**-**	-
	TOTAL	**94,738,756**	94,192,103
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I.	In India		
	(i) Balance with Banks		
	(a) in Current Accounts	**7,916,214**	5,406,390
	(b) in Other Deposit Accounts	**34,519,681**	38,763,703
	(ii) Money at Call and Short Notice		
	(a) with banks	**-**	-
	(b) with other institutions	**-**	-
	TOTAL	**42,435,895**	44,170,093
II.	Outside India		
	(i) in Current Accounts	**9,078,381**	8,528,776
	(ii) in Other Deposit Accounts	**5,811,355**	1,369,440
	(iii) Money at Call & Short Notice	**-**	1,908,545
	TOTAL	**14,889,736**	11,806,761
	GRAND TOTAL (I+II)	**57,325,631**	55,976,854

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2010

		As on 31-03-2010 *(Rs. in Thousands)*	As on 31-03-2009 *(Rs. in Thousands)*
SCHEDULE 8 - INVESTMENTS			
I.	**Investments in India in -**		
	(i) Government Securities ## **	**341,958,753**	284,181,598
	(ii) Other approved securities	**-**	-
	(iii) Shares	**5,295,991**	4,201,220
	(iv) Debentures and Bonds	**138,232,582**	1,33,797,129
	(v) Investment in Subsidiaries / Joint Ventures	**1,535,500**	976,000
	(vi) Others @ (Mutual Fund units, CD/CP, NABARD deposits, PTC etc.)	**65,941,255**	32,261,438
	Total Investments in India	**552,964,081**	455,417,385
II.	**Investments outside India in -**		
	(i) Government Securities (including local authorities)	**-**	**-**
	(ii) Subsidiaries and/or joint ventures abroad	**-**	**-**
	(iii) Others	**6,784,075**	7,886,129
	Total investments outside India	**6,784,075**	7,886,129
	GRAND TOTAL (I+II)	**559,748,156**	463,303,514

@ Includes deposits with NABARD Rs. 3,002.70 crores (previous year Rs.1,979.86 crores) and PTCs Rs. 351.28 crores (previous year Rs. 943.95 crores)

Includes securities costing Rs. 4,237.60 crores (previous year Rs. 6,839.95 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

** Net of Repo borrowing of Rs.Nil under the Liquidity Adjustment Facility (previous year Rs. 840.96 crores) in line with Reserve Bank of India requirements.

		As on 31-03-2010 *(Rs. in Thousands)*	As on 31-03-2009 *(Rs. in Thousands)*
SCHEDULE 9 - ADVANCES			
A.	(i) Bills purchased and discounted	**34,500,593**	24,652,642
	(ii) Cash credits, overdrafts and loans repayable on demand	**260,135,632**	213,670,689
	(iii) Term loans	**748,794,963**	577,244,327
	TOTAL	**1,043,431,188**	815,567,658
B.	(i) Secured by tangible assets $	**865,783,657**	696,011,074
	(ii) Covered by Bank/Government Guarantees &&	**16,367,294**	9,928,378
	(iii) Unsecured	**161,280,237**	109,628,206
	TOTAL	**1,043,431,188**	815,567,658
C.	I. Advances in India		
	(i) Priority Sector	**299,404,189**	229,490,443
	(ii) Public Sector	**32,047,307**	1,581,621
	(iii) Banks	**3,825,615**	185,060
	(iv) Others	**584,845,979**	482,648,243
	TOTAL	**920,123,090**	713,905,367
	II. Advances outside India		
	(i) Due from banks	**332,996**	683,233
	(ii) Due from others -		
	(a) Bills purchased and discounted	**4,316,262**	3,801,598
	(b) Syndicated loans	**63,702,125**	30,906,157
	(c) Others	**54,956,715**	66,271,303
	TOTAL	**123,308,098**	101,662,291
	GRAND TOTAL (C I + C II)	**1,043,431,188**	815,567,658

$ Includes advances against book debts.

&& Includes advances against L/Cs issued by Banks

Advances are net of floating provision, which has been adjusted based on management estimate

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2010

		As on 31-03-2010 *(Rs. in Thousands)*	As on 31-03-2009 *(Rs. in Thousands)*
SCHEDULE 10 - FIXED ASSETS			
I.	Premises		
	At cost at the beginning of the year	**891,351**	500,322
	Additions during the year	**-**	391,029
	Deductions during the year	**-**	-
	Depreciation to date	**(161,989)**	(117,421)
	TOTAL	**729,362**	773,930
II.	Other fixed assets (including Furniture & Fixtures)		
	At cost at the beginning of the year	**16,527,205**	12,581,680
	Additions during the year	**4,068,383**	4,186,345
	Deductions during the year	**(407,164)**	(240,820)
	Depreciation to date	**(9,265,956)**	(7,147,088)
	TOTAL	**10,922,468**	9,380,117
III.	Assets on Lease		
	At cost at the beginning of the year	**-**	765,000
	Additions during the year	**-**	-
	Deductions during the year	**-**	(765,000)
	Depreciation to date	**-**	-
	TOTAL	**-**	**-**
		11,651,830	10,154,047
IV.	CAPITAL WORK-IN-PROGRESS (including capital advances)	**572,369**	574,826
	GRAND TOTAL **(I+II+III+IV)**	**12,224,199**	10,728,873

SCHEDULE 11 - OTHER ASSETS

I.	Inter-office adjustments (net)	**-**	-
II.	Interest Accrued	**12,771,048**	13,218,832
III.	Tax paid in advance/tax deducted at source (net of provisions)	**643,504**	420,447
IV.	Stationery and stamps	**9,698**	8,585
V.	Non banking assets acquired in satisfaction of claims	**-**	-
VI.	Others #	**25,586,339**	23,803,621
	TOTAL	**39,010,589**	37,451,485

Includes deferred tax assets of Rs. 611.33 crores (previous year Rs. 456.14 crores)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2010

		As on 31-03-2010 *(Rs. in Thousands)*	As on 31-03-2009 *(Rs. in Thousands)*
SCHEDULE 12 - CONTINGENT LIABILITIES			
I.	Claims against the bank not acknowledged as debts	**1,953,218**	1,649,897
II.	Liability for partly paid investments	**-**	-
III.	Liability on account of outstanding forward exchange and derivative contracts :		
	(a) Forward Contracts	**1,265,355,295**	829,419,114
	(b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	**1,317,574,459**	804,211,129
	(c) Foreign Currency Options	**56,162,649**	84,620,825
	TOTAL	**2,639,092,403**	1,718,251,068
IV.	Guarantees given on behalf of constituents:		
	In India	**332,315,553**	180,725,134
	Outside India	**41,767,220**	20,085,413
V.	Acceptances, endorsements and other obligations	**164,634,485**	159,487,271
VI.	Other items for which the bank is contingently liable	**2,290,037**	12,404,343
	TOTAL	**3,182,052,916**	2,092,603,126

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

		Year ended 31-03-2010 *(Rs. in Thousands)*	Year ended 31-03-2009 *(Rs. in Thousands)*
SCHEDULE 13 - INTEREST EARNED			
I.	Interest/discount on advances/bills	**79,866,040**	74,658,603
II.	Income on investments	**34,283,084**	30,515,035
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	**1,200,049**	2,101,900
IV.	Others	**1,031,042**	1,079,318
	TOTAL	**116,380,215**	108,354,856
SCHEDULE 14 - OTHER INCOME			
I.	Commission, exchange and brokerage	**25,651,986**	21,732,613
II.	Profit/(Loss) on sale of Investments/Derivative transactions (net)	**7,140,475**	2,884,338
III.	Profit/(Loss) on sale of fixed assets (net)	**(38,707)**	(81,999)
IV.	Profit on exchange transactions (net)	**4,680,955**	3,595,037
V.	Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	**1,419**	-
VI.	Lease rentals	**-**	20,647
VII.	Miscellaneous Income [including recoveries on account of advances/investments/derivative receivables written off in earlier years Rs.174.43 crores (previous year Rs. 62.95 crores) and profit on account of portfolio sell downs/securitization Rs.22.45 crores (previous year Rs. 16.81 crores)]	**2,021,691**	818,145
	TOTAL	**39,457,819**	28,968,781
SCHEDULE 15 - INTEREST EXPENDED			
I.	Interest on deposits	**57,145,252**	62,089,157
II.	Interest on Reserve Bank of India/Inter-bank borrowings	**1,493,646**	2,852,820
III.	Others @	**7,696,363**	6,550,765
	TOTAL	**66,335,261**	71,492,742
@	Including interest on repos & subordinated debt		
SCHEDULE 16 - OPERATING EXPENSES			
I.	Payments to and provisions for employees	**12,558,219**	9,976,625
II.	Rent, taxes and lighting	**4,960,904**	3,703,014
III.	Printing and stationery	**831,035**	752,332
IV.	Advertisement and publicity	**472,694**	463,177
V.	Depreciation on bank's property	**2,343,218**	1,886,663
VI.	Directors' fees, allowance and expenses	**5,109**	7,210
VII.	Auditor's fees and expenses	**10,491**	8,338
VIII.	Law charges	**147,406**	107,230
IX.	Postage, telegrams, telephones etc.	**1,756,553**	1,502,375
X.	Repairs and maintenance	**3,023,309**	2,235,360
XI.	Insurance	**1,414,304**	1,136,793
XII.	Other expenditure	**9,573,981**	6,803,010
	TOTAL	**37,097,223**	28,582,127

17 Significant accounting policies for the year ended 31 March 2010

1 Background

Axis Bank Limited ('the Bank') was incorporated in 1993 and provides a complete suite of corporate and retail banking products.

2 Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting, unless otherwise stated, and comply with generally accepted accounting principles, statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and Accounting Standard notified by the Companies (Accounting Standards) Rules, 2006, (as amended) to the extent applicable and current practices prevailing within the banking industry in India.

3 Use of estimates

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires 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 date of the financial statements. Actual results could differ from those estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognized prospectively in the current and future periods.

4 Changes in accounting policies

4.1 Change in recognition of Bank Guarantee commission income

During the current financial year, the Bank has changed its policy to recognize commission income on guarantees issued by it. Against the earlier practice of recognizing the commission income on guarantees upfront when due (except in the case of deferred payment guarantees), the Bank now recognizes the income on a pro-rata basis over the period of the guarantee. As a result of the aforesaid change in policy, other income for the year is lower by Rs. 136.52 crores with a corresponding increase in other liabilities.

4.2 Change in estimated useful life of fixed assets

During the year, the Bank has revised the estimated useful life of Closed Circuit Television Camera (CCTV) equipments from 10 years to 3 years. As a result of the aforesaid revision, the depreciation charge for the year is higher by Rs. 4.37 crores with a corresponding decrease in the net block of fixed assets.

5 Significant accounting policies

5.1 Investments

Classification

In accordance with the RBI guidelines, investments are classified at the date of purchase as:

- Held for Trading ('HFT');
- Available for Sale ('AFS'); and
- Held to Maturity ('HTM').

Investments that are held principally for sale within a short period are classified as HFT securities. As per RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities as on that date.

Investments that the Bank intends to hold till maturity are classified under HTM category.

Investments not exceeding 25% of total investments, which the Bank intends to hold till maturity, are classified as HTM securities. As permitted by RBI, the Bank may exceed the limit of 25% of total investments provided the excess comprises of only those securities which are eligible for complying with the Statutory Liquidity Ratio ('SLR') i.e. SLR securities and the total SLR securities held in HTM category are not more than 25% of its demand and time liabilities as on the effective date. The effective date means the last Friday of the second preceding fortnight for computation of the aforesaid limit. In computing the investment ceiling for HTM portfolio for the aforesaid purpose, debentures and bonds, which are deemed to be in the nature of advances and investments in subsidiaries & joint ventures are excluded.

All other investments are classified as AFS securities.

However, for disclosure in the balance sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/Joint Ventures and Others.

Investments made outside India are classified under three categories - Government Securities, Subsidiaries and/or Joint Ventures abroad and Others.

Transfer of security between categories

Transfer of security between categories of investments is accounted as per RBI guidelines.

Valuation

Investments classified under the HTM category are carried at acquisition cost. Any premium on acquisition over face value is amortized on a constant yield to maturity basis over the remaining period to maturity.

Investments classified under the AFS and HFT category are marked to market. The market/fair value for the purpose of periodical valuation of quoted investments included in the 'Available for Sale' and 'Held for Trading' categories is the market price of the scrip as available from the trades/quotes on the stock exchanges, SGL account transactions, price list of RBI or prices declared by Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association of India, periodically. Net depreciation, if any, within each category of investments is recognized in the profit and loss account. The net appreciation if any, under each category is ignored, except to the extent of depreciation previously provided. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.

Units of mutual funds are valued at the latest repurchase price/net asset value declared by the mutual fund.

Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:

market value of unquoted Government securities is derived based on the Prices/Yield to Maturity ('YTM') rate for Government securities of equivalent maturity as notified by Fixed Income Money Market and Derivatives Association of India ('FIMMDA') jointly with the Primary Dealers Association of India ('PDAI') at periodic intervals;

in case of Central Government Securities, which do not qualify for SLR requirement, the market price is derived by adding the appropriate mark up to the Base Yield Curve of Central Government Securities as notified by FIMMDA;

market value of unquoted State Government securities is derived by adding the appropriate mark up above the Base Yield Curve of the Central Government Securities of equivalent maturity as notified by the FIMMDA/PDAI at periodic intervals;

in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly, the market price is derived based on the YTM for Government securities as notified by FIMMDA/PDAI and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA is adopted for this purpose;

in case of preference shares where dividend is not received regularly, the price derived on the basis of YTM is discounted in accordance with the RBI guidelines;

in case of bonds and debentures where interest is not received regularly, the valuation is in accordance with prudential norms for provisioning as prescribed by RBI; and

equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest balance sheet (which is not more than one year prior to the date of valuation). In case the latest balance sheet is not available, the shares are valued at Re 1 per company.

Investments in subsidiaries/joint ventures are categorized as HTM in accordance with RBI guidelines.

Realized gains on investments under HTM category are recognized in the profit and loss account and subsequently appropriated to capital reserve account in accordance with RBI guidelines. Losses are recognized in the profit and loss account.

Repurchase and reverse repurchase transactions

Repurchase and reverse repurchase transactions are accounted as outright sale and outright purchase respectively. The difference between the clean price of the first leg and clean price of the second leg is recognized as interest expense/income over the period of the transaction. However, depreciation in their value, if any, compared to their original cost, is recognized in the profit and loss account.

5.2 Advances

Advances are classified into performing and non-performing advances ('NPAs') as per RBI guidelines and are stated net of specific provisions made towards NPAs and floating provisions. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by RBI with the exception for agriculture advances and schematic retail advances. In respect of schematic retail advances, provisions are made in terms of a bucket-wise policy upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning. Provisions in respect of agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by the RBI.

Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines. NPAs are identified by periodic appraisals of the loan portfolio by management.

For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by RBI, which requires the diminution in the fair value of the assets be provided at the time of restructuring.

A general provision @ 0.25% in case of direct advances to agricultural and SME sectors, 1.00% in respect of advances classified as commercial real estate and 0.40% for all other advances is made as prescribed by RBI, against provision ranging between 0.25% to 2.00% as prescribed hitherto. However, the excess provision held as of 14 November 2008, is not reversed as per RBI guidelines.

5.3 Country risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorized into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure.

5.4 Securtization

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle ('SPV'). In most cases, post securtization, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass Through Certificate ('PTC') holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS 29, Provisions, contingent liabilities and contingent assets.

Gain on securtization transaction is recognized over the period of the underlying securities issued by the SPV. Loss on securtization is immediately debited to profit and loss account.

5.5 Foreign currency transactions

In respect of domestic operations, transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at the balance sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year end revaluations are recognized in the profit and loss account.

Financial statements of foreign branches classified as non-integral foreign operations are translated as follows:

Assets and liabilities (both monetary and non-monetary as well as contingent liabilities) are translated at closing rates notified by FEDAI at the year end.

Income and expenses are translated at the rates prevailing on the date of the transactions.

All resulting exchange differences are accumulated in a separate 'Foreign Currency Translation Reserve' till the disposal of the net investments.

Outstanding forward exchange contracts (excluding currency swaps undertaken to hedge foreign currency assets/liabilities and funding swaps which are not revalued) and spot exchange contracts are revalued at year end exchange rates notified by FEDAI. The resulting gains or losses on revaluation are included in the profit and loss account in accordance with RBI/FEDAI guidelines. The forward exchange contracts of longer maturities where exchange rates are not notified by FEDAI are revalued at the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognized in the profit and loss account.

Premium/discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognized as interest income/expense and is amortized on a pro-rata basis over the underlying swap period.

Contingent liabilities on account of foreign exchange contracts/options, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

5.6 Derivative transactions

Derivative transactions comprise of swaps and options which are disclosed as contingent liabilities. The swaps/options are segregated as trading or hedge transactions. Trading swaps/options are revalued at the balance sheet date with the resulting unrealized gain or loss being recognized in the profit and loss account and correspondingly in other assets or other liabilities respectively. Hedged swaps are accounted for as per RBI guidelines. Pursuant to RBI guidelines any receivables under derivatives contracts, which remains overdue for more than 90 days, are reversed through profit and loss account and are held in a separate suspense account.

5.7 Revenue recognition

Interest income is recognized on an accrual basis except interest income on non-performing assets, which is recognized on receipt.

Fees and commission income is recognized when due, except for guarantee commission which is recognized pro-rata over the period of the guarantee.

Dividend is accounted on an accrual basis when the right to receive the dividend is established.

Gain/loss on sell down of loans and advances through direct assignment is recognized at the time of sale.

5.8 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation less impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Depreciation (including on assets given on operating lease) is provided on the straight-line method from the date of addition. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then depreciation is provided at a higher rate based on management's estimate of the useful life/remaining useful life. Pursuant to this policy, depreciation has been provided using the following estimated useful lives:

Asset	Estimated useful life
Owned premises	20 years
Assets given on operating lease	20 years
Computer hardware	3 years
Application software	5 years
Vehicles	4 years
EPABX, telephone instruments	8 years
CCTV	3 years
Mobile phone	2 years
Locker cabinets/cash safe/strong room door	16 years
Assets at staff residence	5 years
All other fixed assets	10 years

All fixed assets individually costing less than Rs. 5,000 are fully depreciated in the year of installation.

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

The carrying amounts of assets are reviewed at each balance sheet date to ascertain if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

5.9 Lease transactions

Assets given on operating lease are capitalized at cost. Rentals received by the Bank are recognized in the profit and loss account on accrual basis.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognized as an expense in the profit and loss account on a straight - line basis over the lease term.

5.10 Retirement and other employee benefits

Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the fund are due. There are no other obligations other than the contribution payable to the trust.

Gratuity

The Bank contributes towards gratuity fund (defined benefit retirement plan) administered jointly by the Life Insurance Corporation of India ('LIC') and Metlife Insurance Company Limited ('Metlife') for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although LIC/Metlife administer the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank. Liability with regard to gratuity fund is accrued based on actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year.

Leave Encashment

Short term compensated absences are provided for based on estimates. The Bank provides leave encashment benefit (long term), which is a defined benefit scheme based on actuarial valuation as at the balance sheet date conducted by an independent actuary. The actuarial valuation is carried out as per the Projected Unit Credit Method as at 31 March each year.

Superannuation

Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme either under a cash-out option through salary or under a defined contribution plan. Through the defined contribution plan, the Bank contributes annually a specified sum of 10% of the employee's eligible annual basic salary to LIC, which undertakes to pay the lumpsum and annuity benefit payments pursuant to the scheme. Superannuation contributions are recognized in the profit and loss account in the period in which they accrue.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

5.11 *Debit/Credit card reward points*

The Bank estimates the probable redemption of debit and credit card reward points using an actuarial method at balance sheet date by employing an independent actuary. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

5.12 *Taxation*

Income tax expense is the aggregate amount of current tax and deferred tax charge. Current year taxes are determined in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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 tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The impact of changes in the deferred tax assets and liabilities is recognized in the profit and loss account.

Deferred tax assets are recognized and reassessed at each reporting date, based upon management's judgement as to whether realization is considered as reasonably certain.

5.13 *Share issue expenses*

Share issue expenses are adjusted from share premium account.

5.14 *Earnings per share*

The Bank reports basic and diluted earnings per share in accordance with AS 20, Earnings per Share, Accounting Standard notified by the Companies (Accounting Standards) Rules, 2006. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.

5.15 *Cash and cash equivalents*

Cash and cash equivalents include cash on hand and in ATM, balances with Reserve Bank of India, balances with other banks and money at call and short notice.

5.16 *Employee stock option scheme*

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Bank follows the intrinsic value method to account for its stock based employee compensation plans as per the Guidance Note on 'Accounting for Employee Share-based Payments' issued by the ICAI. Options are granted at an exercise price, which is equal to/less than the fair market price of the underlying equity shares. The excess of such fair market price over the exercise price of the options as at the grant date is recognized as a deferred compensation cost and amortized on a straight-line basis over the vesting period of such options.

The fair market price is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

5.17 Provisions, contingent liabilities and contingent assets

A provision is recognized when the Bank has a present obligation as a result of past event where 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non occurrence of one or more uncertain future events not within the control of the Bank; or

a present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

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.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

18 Notes forming part of the financial statements for the year ended 31 March 2010

(Currency : In Indian Rupees)

1 Share Capital

During the year ended 31 March 2010, the Bank raised additional equity capital in the form of 5,055,500 Global Depository Receipts (GDRs) (each GDR representing 1 underlying equity share of Rs. 10/- each), at a price of US$ 18.90 per GDR. The Bank also undertook a Qualified Institutional Placement (QIP) of 330,44,500 shares and a preferential allotment of 3,976,632 shares at a price of Rs. 906.70 per share. As a consequence, the paid-up share capital of the Bank has increased by Rs. 42.08 crores and the reserves of the Bank have increased by Rs. 3,725.64 crores after charging of issue related expenses.

The funds mobilized from the equity raising (through GDR, QIP and Preferential issue) were utilized for enhancing the capital adequacy ratio and for general corporate purposes.

The Bank has incurred expenses of Rs. 42.84 crores towards payment of commission to the lead managers in connection with the capital issue, which exceeds the limit prescribed under Section 13 of the Banking Regulation Act, 1949 and has adjusted this amount against the Share Premium account. The Bank has sought approval from the Reserve Bank of India to pay the excess amount to the lead managers.

2 Statutory disclosures as per RBI

2.1.1 'Provisions and contingencies' recognized in the profit and loss account include:

(Rs. in crores)

For the year ended	31 March 2010	31 March 2009
Provision for income tax		
- Current tax for the year	**1,492.02**	1,095.52
- Deferred tax for the year	**(155.19)**	(137.09)
Provision for fringe benefit tax	**-**	11.41
	1,336.83	969.84
Provision for wealth tax	**0.35**	0.28
Provision for non performing advances & investments, (including bad debts written off and write backs)	**1,357.04**	732.21
Provision for restructured assets	**56.47**	65.46
Provision for loss in present value for agricultural assets	**-**	0.69
Provision towards standard assets	**(0.91)**	105.50
Provision for depreciation in value of investments	**(22.23)**	107.80
Provision for securtized assets	**-**	(0.64)
Contingent provision against derivatives	**-**	(71.97)
Provision for country risk	**(1.53)**	0.35
Total	**2,726.02**	1,909.52

2.1.2 In terms of its guidelines for implementation of the new capital adequacy framework issued on 27 April 2007, RBI has directed banks with overseas branches to migrate to the revised framework for capital computation (under Basel II) with effect from 31 March 2008. The migration is proposed in a phased manner over a three-year period during which banks are required to compute their capital requirements in terms of both Basel I and Basel II. The minimum capital to be maintained by banks under the Revised Framework is subject to a prudential floor of 100%, 90% and 80% of the capital requirement under Basel I over the years March 2008, 2009 and 2010 respectively.

The capital adequacy ratio of the Bank, calculated as per RBI guidelines (Basel II requirement being higher) is set out below:

(Rs. in crores)

	31 March 2010	31 March 2009
Capital adequacy		
Tier I	**15,789.42**	10,162.98
Tier II	**6,518.47**	4,864.66
Total capital	**22,307.89**	15,027.64
Total risk weighted assets and contingents	**141,169.77**	109,787.49
Capital ratios		
Tier I	**11.18%**	9.26%
Tier II	**4.62%**	4.43%
CRAR	**15.80%**	13.69%
Amount raised by issue of IPDI	-	-
Amount raised by issue of Upper Tier II instruments	-	-
Amount of Subordinated Debt raised as Tier II capital (details given below)	**Rs. 2,000 crores**	Rs. 1,700 crores

During the year ended 31 March 2010, the Bank raised subordinated debt of Rs. 2,000.00 crores, the details of which are set out below:

Date of allotment	**Period**	**Coupon**	**Amount**
16 June 2009	120 months	9.15%	Rs. 2,000.00 crores

During the year ended 31 March 2009, the Bank raised subordinated debt of Rs. 1,700.00 crores, the details of which are set out below:

Date of allotment	**Period**	**Coupon**	**Amount**
7 November 2008	120 months	11.75%	Rs. 1,500.00 crores
28 March 2009	120 months	9.95%	Rs. 200.00 crores

During the year ended 31 March 2010, the Bank redeemed subordinated debt of Rs. 30.00 crores, the details of which are set out below:

Date of maturity	**Period**	**Coupon**	**Amount**
26 April 2009	69 months	6.50%	Rs. 30.00 crores

During the year ended 31 March 2009, the Bank redeemed subordinated debt of Rs. 66.10 crores, the details of which are set out below:

Date of maturity	**Period**	**Coupon**	**Amount**
20 June 2008	69 months	8.80%	Rs. 33.00 crores
21 September 2008	69 months	8.40%	Rs. 33.10 crores

2.1.3 The Bank has not raised any hybrid capital during the year ended 31 March 2010 and year ended 31 March 2009.

2.1.4 The key business ratios and other information is set out below:

As at	**31 March 2010** **%**	31 March 2009 %
Interest income as a percentage to working funds #	**7.73**	8.59
Non-interest income as a percentage to working funds	**2.62**	2.30
Operating profit as a percentage to working funds	**3.48**	2.95
Return on assets (based on average working funds)	**1.67**	1.44
Business (deposits less inter bank deposits plus advances) per employee**	**Rs.11.11 crores**	Rs.10.60 crores
Profit per employee**	**Rs. 0.12 crores**	Rs. 0.10 crores
Net non performing assets as a percentage of net customer assets *	**0.36**	0.35

Working funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the year

* Net Customer assets include advances and credit substitutes

** Productivity ratios are based on average employee numbers for the year

2.1.5 The provisioning coverage ratio of the Bank computed in terms of RBI guidelines as on 31 March 2010 was 72.38%.

2.1.6 Asset Quality

i) Net non-performing assets to net advances is set out below:

	31 March 2010 **%**	31 March 2009 %
Net non performing assets as a percentage of net advances	**0.40**	0.40

ii) Movement in gross non-performing assets (including non-performing investments) is set out below:

(Rs. in crores)

	31 March 2010 **Gross**	31 March 2009 Gross
Gross NPAs as at the beginning of the year	**897.77**	494.61
Additions (fresh NPAs) during the year	**1,800.70**	1,033.51
Sub-total (A)	**2,698.47**	1,528.12
Less:-		
(i) Upgradations	**201.33**	203.96
(ii) Recoveries (excluding recoveries made from upgraded accounts)	**148.39**	82.11
(iii) Write-offs	**1,030.75**	344.28
Sub-total (B)	**1,380.47**	630.35
Gross NPAs as at the end of the year (A-B)	**1,318.00**	897.77

iii) Movement in net non-performing assets (including non-performing investments) is set out below:

(Rs. in crores)

	31 March 2010 Net	31 March 2009 Net
Opening balance at the beginning of the year	**327.13**	248.29
Additions during the year	**427.49**	202.30
Reductions during the year	**(335.62)**	(123.46)
Closing balance at the end of the year	**419.00**	327.13

iv) Movement in provisions for non-performing assets (including non-performing investments but excluding provisions for standard assets) is set out below:

(Rs. in crores)

	31 March 2010	31 March 2009
Opening balance at the beginning of the year	**570.64**	246.32
Provisions made during the year	**1,373.21**	690.32
Write-offs/write back of excess provisions	**(1,041.60)**	(366.00)
Reclassification of floating provision*	**(3.25)**	-
Closing balance at the end of the year	**899.00**	570.64

* on account of exclusion from Net NPA at the end of the year

v) Total exposure to top four non-performing assets is given below:

(Rs. in crores)

	31 March 2010
Total Exposure to top four NPA accounts	**162.64**

vi) Non-performing assets as percentage of total assets in that sector is set out below:

Sr. No	Sector	Percentage of NPAs to total advances in that sector
1.	Agriculture and allied activities	**2.31%**
2.	Industry (Micro & Small, Medium and Large)	**0.95%**
3.	Services*	**0.69%**
4.	Personal loans	**1.86%**

* includes 0.06% NPAs in respect of commercial real estate and 0.39% in respect of trade segment

2.1.7 Movement in floating provision is set out below:

(Rs. in crores)

For the year ended	31 March 2010	31 March 2009
Opening balance at the beginning of the year	**3.25**	4.62
Provisions made during the year	**-**	-
Draw down made during the year	**-**	(1.37)
Closing balance at the end of the year	**3.25**	3.25

The Bank has not made any draw down out of the floating provisions during the current year.

2.1.8 Provision on Standard Assets :

(Rs. in crores)

	31 March 2010	31 March 2009
Provision towards Standard Assets (includes Rs. 5.09 crores of standard provision on derivative exposures, previous year Rs. 6.00 crores)	**463.51**	464.42

2.1.9 Amount of Provisions made for the Income-tax during the year:

(Rs. in crores)

	31 March 2010	31 March 2009
Provision for Income Tax		
a) Current tax for the year	**1,492.02**	1,095.52
b) Deferred tax for the year	**(155.19)**	(137.09)
Provision for fringe benefit tax	**-**	11.41
	1,336.83	969.84

2.1.10 Details of Investments are set out below:

i) Value of Investments:

(Rs. in crores)

	31 March 2010	31 March 2009
1) Gross value of Investments		
a) In India	**55,401.96**	45,680.48
b) Outside India	**759.22**	857.17
2) (i) Provision for Depreciation		
a) In India	**89.37**	131.44
b) Outside India	**80.81**	68.56
(ii) Provision for Non-Performing Investments		
a) In India	**16.18**	7.29
b) Outside India	**-**	-
3) Net value of Investments		
a) In India	**55,296.41**	45,541.75
b) Outside India	**678.41**	788.61

ii) Movement of provisions held towards depreciation on investments:

(Rs. in crores)

	31 March 2010	31 March 2009
Opening balance	**200.00**	92.20
Add: Provisions made during the year	**40.97**	182.76
Less: Write offs/write back of excess provisions during the year	**(70.79)**	(74.96)
Closing balance	**170.18**	200.00

2.1.11 A summary of lending to sensitive sectors is set out below:

(Rs. in crores)

As at	31 March 2010	31 March 2009
A. Exposure to Real Estate Sector		
1) *Direct Exposure*		
(i) Residential mortgages	**15,612.74**	11,100.49
- of which housing loans eligible for inclusion in priority sector advances	**6,050.33**	5,036.70
(ii) Commercial real estate	**5,373.73**	6,090.45
(iii) Investments in Mortgage Backed Securities (MBS) and other securtized exposures -		
a. Residential	**-**	-
b. Commercial real estate	**-**	-
2) *Indirect Exposure*		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**3,651.92**	1,999.80
Total Exposure to Real Estate Sector	**24,638.39**	**19,190.74**
B. Exposure to Capital Market		
1. Direct investments made in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	**885.98**	822.97
2. Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	**11.11**	64.12
3. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	**249.31**	189.03
4. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	**7.82**	6.27
5. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and marketmakers	**1,568.64**	955.23
6. Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	**-**	-
7. Bridge loans to companies against expected equity flows/issues	**-**	-
8. Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds	**-**	45.00
9. Financing to stock brokers for margin trading	**-**	-
10. All exposures to Venture Capital Funds (both registered and unregistered)	**283.43**	248.43
Total Exposure to Capital Market (Total of 1 to 10)	**3,006.29**	2,331.05

2.1.12 Details of loan assets subjected to restructuring during the year ended 31 March 2010 and 31 March 2009 are given below:

(Rs. in crores)

	Particulars		31 March 2010		
			CDR Mechanism	**SME Debt Restructuring**	**Others**
i)	Standard advances restructured	No. of borrowers	10	37	287
		Amount outstanding - Restructured facility#	423.67	250.85	958.45
		Amount outstanding - Other facilities	70.04	77.30	228.06
		Sacrifice (diminution in the fair value)	53.39	5.33	8.88
ii)	Sub-Standard advances restructured	No. of borrowers	-	-	-
		Amount outstanding - Restructured facility	-	-	-
		Amount outstanding - Other facilities	-	-	-
		Sacrifice (diminution in the fair value)	-	-	-
iii)	Doubtful advances restructured	No. of borrowers	-	-	-
		Amount outstanding - Restructured facility	-	-	-
		Amount outstanding - Other facilities	-	-	-
		Sacrifice (diminution in the fair value)	-	-	-
	Total	No. of borrowers	**10**	**37**	**287**
		Amount outstanding - Restructured facility	**423.67**	**250.85**	**958.45**
		Amount outstanding - Other facilities	**70.04**	**77.30**	**228.06**
		Sacrifice (diminution in the fair value)	**53.39**	**5.33**	**8.88**

Amount subjected to restructuring determined as on the date of approval of restructuring proposal

(Rs. in crores)

	Particulars		31 March 2009		
			CDR Mechanism	**SME Debt Restructuring**	**Others**
i)	Standard advances restructured	No. of borrowers	4	64	407*
		Amount outstanding - Restructured facility	162.58	382.60	450.99
		Amount outstanding – Other facilities	-	117.84	78.19
		Sacrifice (diminution in the fair value)	12.01	10.58	12.02
ii)	Sub-Standard advances restructured	No. of borrowers	-	-	-
		Amount outstanding- Restructured facility	-	-	-
		Amount outstanding – Other facilities	-	-	-
		Sacrifice (diminution in the fair value)	-	-	-
iii)	Doubtful advances restructured	No. of borrowers	-	-	-
		Amount outstanding- Restructured facility	-	-	-
		Amount outstanding – Other facilities	-	-	-
		Sacrifice (diminution in the fair value)	-	-	-
	Total	No. of borrowers	**4**	**64**	**407***
		Amount outstanding- Restructured facility	**162.58**	**382.60**	**450.99**
		Amount outstanding – Other facilities	**-**	**117.84**	**78.19**
		Sacrifice (diminution in the fair value)	**12.01**	**10.58**	**12.02**

* Includes 385 retail agricultural loans aggregating to Rs. 73.41 crores and 13 personal loans aggregating to Rs. 0.78 crores. The 13 standard assets under personal loans, which were restructured, have been downgraded to sub-standard assets upon restructuring.

2.1.13 As at 31 March 2009, there were 43 applications for restructuring under process aggregating to Rs. 451.95 crores. As this was a disclosure requirement only for the year ended 31 March 2009, corresponding numbers for the current year ended 31 March 2010 have not been disclosed.

As at 31 March 2009 *(Rs. in crores)*

Sr. No.	Particulars	Number	Amount
1.	Applications received up to 31 March 2009 for restructuring, in respect of accounts which were standard as on 1 September 2008	493	1,382.35
2.	Of (1), proposals approved and implemented as on 31 March 2009 and thus became eligible for special regulatory treatment and classified as standard assets as on the date of the balance sheet	450	930.40
3.	Of (1), proposals approved and implemented as on 31 March 2009 but could not be upgraded to the standard category	-	-
4.	Of (1), proposals under process / implementation which were standard as on 31 March 2009	43	451.95
5.	Of (1), proposals under process / implementation which turned NPA as on 31 March 2009 but are expected to be classified as standard assets on full implementation of the package	-	-

2.1.14 Details of advances as at 31 March 2010, for which intangible security has been taken as collateral, are set out below:

(Rs. in crores)

	Advance amount	Estimated value of intangible securities
Bills purchased and discounted	-	-
Cash credits, overdrafts and loans repayable on demand	-	-
Term loans	-	-
Total	**-**	**-**

2.1.15 Details of Non-SLR investment portfolio are set out below:

i) Issuer composition as at 31 March 2010 of non-SLR investments:

(Rs. in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	1,861.89	920.61	12.31	-	10.00
ii.	Financial Institutions	6,652.52	4,974.48	-	-	3,276.26
iii.	Banks	3,346.88	650.93	10.00	-	2,271.64
iv.	Private Corporates	9,092.60	7,962.98	1,243.75	786.45	1,229.51
v.	Subsidiaries/ Joint Ventures	153.55	153.55	-	-	153.55
vi.	Others	847.57	771.80	7.00	-	847.57
vii.	Provision held towards depreciation on investments	(159.89)				
viii	Provision held towards non-performing investments	(16.18)				
	Total	**21,778.94**	**15,434.35**	**1,273.06**	**786.45**	**7,788.53**

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

Issuer composition as at 31 March 2009 of non-SLR investments:

(Rs. in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i.	Public Sector Units	2,033.61	948.10	21.54	-	-
ii.	Financial Institutions	4,825.75	3,559.56	3.50	3.50	1,983.36
iii.	Banks	3,111.59	2,441.64	10.00	857.17	625.37
iv.	Private Corporates	7,652.95	6,162.84	1,738.40	52.78	570.10
v.	Subsidiaries/ Joint Ventures	97.60	97.60	-	-	97.60
vi.	Others	1,088.91	939.05	-	-	1,088.91
vii.	Provision held towards depreciation on investments	(195.63)				
viii	Provision held towards non-performing investments	(7.29)				
	Total	**18,607.49**	**14,148.79**	**1,773.44**	**913.45**	**4,365.34**

Amounts reported under columns (4), (5), (6) and (7) above are not mutually exclusive.

ii) Non-performing non SLR investments is set out below:

(Rs. in crores)

	31 March 2010	31 March 2009
Opening balance	**7.29**	8.96
Additions during the year since 1 April	**16.03**	99.99
Reductions during the above period	**(0.74)**	(101.66)
Closing balance	**22.58**	7.29
Total provisions held	**16.18**	7.29

2.1.16 Details of securities sold/purchased during the year ended 31 March 2010 & 31 March 2009 under repos/reverse repos (excluding LAF transactions):

Year ended 31 March 2010 *(Rs. in crores)*

	Minimum outstanding during the year	**Maximum outstanding during the year**	**Daily Average outstanding during the year**	**As at 31 March 2010**
Securities sold under repos	-	330.21	26.61	-
Securities purchased under reverse repos	-	16.36	0.22	-

Year ended 31 March 2009 *(Rs. in crores)*

	Minimum outstanding during the year	**Maximum outstanding during the year**	**Daily Average outstanding during the year**	**As at 31 March 2009**
Securities sold under repos	-	596.10	127.09	-
Securities purchased under reverse repos	-	408.80	3.78	-

2.1.17 Details of financial assets sold to Securtization/Reconstruction companies for Asset Reconstruction:

(Rs. in crores)

	31 March 2010	31 March 2009
Number of accounts	**1**	-
Book Value of loan asset securitized	**13.21**	-
Aggregate value (net of provisions) of accounts sold	**-**	-
Aggregate consideration	**9.00**	-
Additional consideration realized in respect of accounts transferred in earlier years	**-**	-
Aggregate gain/loss over net book value	**9.00**	-

2.1.18 Details of Non-Performing Financial Assets Purchased / Sold:

(Rs. in crores)

	31 March 2010	31 March 2009
Non - Performing Financial Assets Purchased		
1. (a) Number of accounts purchased during the year	**-**	-
(b) Aggregate outstanding	**-**	-
2. (a) Of these, number of accounts restructured during the year	**-**	-
(b) Aggregate outstanding	**-**	-
Non - Performing Financial Assets Sold		
1. Number of accounts sold during the year	**-**	-
2. Aggregate outstanding	**-**	-
3. Aggregate consideration received	**-**	-

2.1.19 Details of securtization transactions undertaken by the Bank in the year are as follows:

(Rs. in crores)

	31 March 2010	31 March 2009
Number of loan accounts securitized	**7**	16
Book value of loan assets securitized	**2,153.80**	5,627.05
Sale consideration received for the securitized assets	**2,173.10**	5,637.42
Net gain / loss over net book value	**19.30**	10.37
Net gain / loss recognized in profit and loss account	**15.45**	7.73

The information on securtization activity of the Bank as an originator as on 31 March 2010 and 31 March 2009 is given below:

(Rs. in crores)

	31 March 2010	31 March 2009
Outstanding credit enhancement (cash collateral)	**-**	-
Outstanding liquidity facility	**-**	-
Outstanding servicing liability	**-**	-
Outstanding investment in PTCs	**-**	-

2.1.20 The information on concentration of deposits is given below:

(Rs. in crores)

	31 March 2010
Total deposits of twenty largest depositors	23,350.11
Percentage of deposits of twenty largest depositors to total deposits	16.53%

2.1.21 The information on concentration of advances is given below:

(Rs. in crores)

	31 March 2010
Total advances to twenty largest borrowers*	33,767.20
Percentage of advances to twenty largest borrowers to total advances of the bank	13.39%

* Advances represent credit exposure (funded and non-funded) including derivative exposure as defined by RBI

2.1.22 The information on concentration of exposure is given below:

(Rs. in crores)

	31 March 2010
Total exposure to twenty largest borrowers/customers*	44,659.73
Percentage of exposures to twenty largest borrowers/customers to total exposure on borrowers/customers	13.32%

* Exposure includes credit exposure (funded and non-funded), derivative exposure and investment exposure (including underwriting and similar commitments)

2.1.23 During the year, the Bank's credit exposure to single borrower was within the prudential exposure limits prescribed by RBI except in one case, where the single borrower limit was exceeded upto an additional exposure of 5% with the approval of the Committee of Directors. The details of such cases are set out below:

(Rs. in crores)

Name of the Borrower	Period	Original Exposure Ceiling	Limit Sanctioned	% of excess limit sanctioned over original ceiling	Exposure Ceiling as on 31 March 2010	Exposure as on 31 March 2010
UTI AMC Ltd.	April 2009 and May 2009	2,254.15	2,300.00	2.03%	3,119.22	3,110.00

During the year, the Bank's credit exposure to group borrowers was within the prudential exposure limits prescribed by RBI.

During the year ended 31 March 2009, the Bank's credit exposure to single borrower was within the prudential exposure limits prescribed by RBI except in 3 cases, where single borrower limit was exceeded upto an additional exposure of 5% with the approval of the Board of Directors. The details of such cases are set out below:

(Rs. in crores)

Name of the Borrower	Period	Original Exposure Ceiling	Limit Sanctioned	% of excess limit sanctioned over original ceiling	Exposure Ceiling as on 31 March 2009	Exposure as on 31 March 2009
Tata Steel Ltd.	May 2008	1,785.79	2,300.00	28.79%	2,040.79	1,274.33
UTI AMC Ltd.	July 2008 to Oct 2008	1,785.79	2,300.00	28.79%	2,040.79	1,000.00
	Nov 2008 to Feb 2009	2,010.79	2,305.00	14.63%	2,040.79	1,000.00
HDFC Ltd.	Nov 2008	2,010.79	2,093.38	4.11%	2,040.79	1,568.36

During the year ended 31 March 2009, the Bank's credit exposure to group borrowers was within the prudential exposure limits prescribed by RBI except in 1 case, where group borrower limit was exceeded upto an additional exposure of 5% with the approval of the Board of Directors. The details of the case are set out below:

(Rs. in crores)

Period	Original Exposure Ceiling	Limit Sanctioned	% of excess limit sanctioned over original ceiling	Exposure Ceiling as on 31 March 2009	Exposure as on 31 March 2009
July 2008	4,762.11	4,961.95	4.20%	5,442.11	4,340.08
Aug 2008	4,762.11	4,984.23	4.66%		
Sep 2008	4,762.11	4,786.40	0.51%		

2.1.24 Details of Risk Category wise Country Exposure:

(Rs. in crores)

Risk Category	Exposure (Net) as at 31 March 2010	Provision Held as at 31 March 2010	Exposure (Net) as at 31 March 2009	Provision Held as at 31 March 2009
Insignificant	**597.19**	**-**	224.89	-
Low	**7,489.89**	**2.37**	4,755.44	3.90
Moderate	**662.80**	**-**	544.60	-
High	**90.86**	**-**	49.90	-
Very High	**2.88**	**-**	3.64	-
Restricted	**0.85**	**-**	0.82	-
Off-Credit	**-**	**-**	-	-
Total	**8,844.47**	**2.37**	**5,579.29**	**3.90**

2.1.25 A maturity pattern of certain items of assets and liabilities at 31 March 2010 & 31 March 2009 is set out below:

Year ended 31 March 2010 *(Rs. in crores)*

	1 day	2 days to 7 days	8 days to 14 days	15 days to 28 days	29 days and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	2,699.43	4,379.36	3,059.54	4,115.54	15,647.72	19,789.86	28,357.41	23,418.07	470.04	39,363.25	**141,300.22**
Advances	736.72	2,413.13	1,124.78	1,057.75	5,690.32	5,557.00	11,183.25	11,861.43	12,318.65	52,400.09	**104,343.12**
Investments	885.57	986.17	2,562.54	3,991.38	7,724.61	6,278.44	7,873.42	11,403.71	2 ,436.83	11,832.15	**55,974.82**
Borrowings	251.44	269.40	130.91	134.70	1,119.33	1,330.88	3,409.08	2,181.89	422.34	7,919.58	**17,169.55**
Foreign Currency Assets	1,487.10	376.06	117.45	395.58	2,718.83	2,275.25	2,755.24	3,412.69	2,920.96	2,170.50	**18,629.66**
Foreign Currency Liabilities	1,054.77	1,063.29	249.42	235.13	1,718.64	2,861.58	3,503.99	2,128.75	86.37	3,502.59	**16,404.53**

Year ended 31 March 2009 *(Rs. in crores)*

	1 day	2 days to 7 days	8 days to 14 days	15 days to 28 days	29 days and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	1,289.06	5,198.91	3,205.19	4,486.11	16,167.24	17,884.98	19,716.44	19,067.98	414.92	29,943.28	**117,374.11**
Advances	403.82	2,088.92	763.81	1,741.44	4,386.71	3,105.11	7,819.28	14,748.19	11,214.96	35,284.53	**81,556.77**
Investments	826.11	1,376.29	2,543.36	4,917.41	7,984.60	4,564.47	5,453.27	6,745.69	3,990.64	7,928.51	**46,330.35**
Borrowings	-	482.16	-	492.74	1,954.85	975.31	3,397.22	3,051.41	922.29	4,243.89	**15,519.87**
Foreign Currency Assets	316.91	2,562.35	430.91	1,165.14	1,588.00	1,457.44	601.90	5,414.45	2,085.53	3,102.36	**18,724.99**
Foreign Currency Liabilities	28.23	2,368.02	172.30	544.46	2,845.13	1,363.01	601.43	1,974.21	12.20	1,904.00	**11,812.99**

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI. Maturity profile of foreign currency assets and liabilities is excluding forward contracts.

2.1.26 Disclosure in respect of Interest Rate Swaps (IRS), Forward Rate Agreement (FRA) and Cross Currency Swaps (CCS) outstanding at 31 March 2010 is set out below:

(Rs. in crores)

Sr. No.	Items	As at 31 March 2010	As at 31 March 2009
i)	Notional principal of swap agreements	**131,696.28**	80,177.66
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	**1,335.46**	2,231.65
iii)	Collateral required by the Bank upon entering into swaps**	**22.77**	78.05
iv)	Concentration of credit risk arising from the swaps		
	Maximum single industry exposure with Banks (previous year with Banks)		
	- Interest Rate Swaps / FRAs	**2,051.64**	2,111.24
	- Cross Currency Swaps	**400.46**	469.84
v)	Fair value of the swap book (hedging & trading)		
	- Interest Rate Swaps / FRAs	**37.50**	80.34
	- Currency Swaps	**11.54**	10.64

** Total collaterals taken from counterparties having outstanding derivative contracts

The nature and terms of the IRS as on 31 March 2010 are set out below:

(Rs. in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	24	1,000.00	MIBOR	Fixed payable v/s floating receivable
Hedging	2	100.00	MIBOR	Fixed receivable v/s floating payable
Hedging	7	1,391.90	LIBOR	Fixed receivable v/s floating payable
Trading	1,233	51,720.00	MIBOR	Fixed receivable v/s floating payable
Trading	1,242	53,647.50	MIBOR	Fixed payable v/s floating receivable
Trading	103	3,045.50	MIFOR	Fixed receivable v/s floating payable
Trading	100	2,789.50	MIFOR	Fixed payable v/s floating receivable
Trading	74	2,946.10	INBMK	Fixed receivable v/s floating payable
Trading	70	3,464.00	INBMK	Fixed payable v/s floating receivable
Trading	70	1,933.92	LIBOR	Fixed receivable v/s floating payable
Trading	73	2,002.35	LIBOR	Fixed payable v/s floating receivable
Trading	2	89.80	LIBOR	Floating payable v/s fixed receivable
Trading	1	150.00	OTHERS	Fixed payable v/s fixed receivable
	3,001	**124,280.57**		

The nature and terms of the IRS as on 31 March 2009 are set out below:

(Rs. in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	2	50.00	MIBOR	Fixed payable v/s floating receivable
Hedging	4	307.12	INBMK	Fixed receivable v/s floating payable
Trading	783	29,520.00	MIBOR	Fixed receivable v/s floating payable
Trading	794	29,372.50	MIBOR	Fixed payable v/s floating receivable
Trading	115	2,980.50	MIFOR	Fixed receivable v/s floating payable
Trading	106	2,830.50	MIFOR	Fixed payable v/s floating receivable
Trading	77	3,046.10	INBMK	Fixed receivable v/s floating payable
Trading	68	2,980.00	INBMK	Fixed payable v/s floating receivable
Trading	18	409.69	LIBOR	Fixed receivable v/s floating payable
Trading	27	658.22	LIBOR	Fixed payable v/s floating receivable
Trading	5	717.06	LIBOR	Fixed payable v/s fixed receivable
	1,999	**72,871.69**		

The nature and terms of the FRA's as on 31 March 2010 are set out below:

(Rs. in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	26	1,819.98	LIBOR	Fixed receivable v/s floating payable
Trading	21	1,631.40	LIBOR	Fixed payable v/s floating receivable
	47	**3,451.38**		

The nature and terms of the FRA's as on 31 March 2009 are set out below:

(Rs. in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	18	884.81	LIBOR	Fixed receivable v/s floating payable
Trading	18	859.50	LIBOR	Fixed payable v/s floating receivable
	36	**1,744.31**		

The nature and terms of the CCS as on 31 March 2010 are set out below:

(Rs. in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading Swaps	22	1,883.80	LIBOR	Fixed payable v/s floating receivable
Trading Swaps	12	1,533.87	LIBOR	Fixed receivable v/s floating payable
Trading Swaps	1	40.41	LIBOR / INBMK	Floating receivable v/s floating payable
Trading Swaps	1	67.35	Principal Only	Fixed receivable
Trading Swaps	3	169.51	Principal Only	Fixed payable
Trading Swaps	1	67.35	Principal Only	Floating receivable
Trading Swaps	1	67.35	Principal Only	Floating payable
Hedging Swaps	1	134.70	LIBOR	Floating receivable v/s floating payable
	42	**3,964.34**		

The nature and terms of the CCS as on 31 March 2009 are set out below:

(Rs. in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading Swaps	23	2,148.00	LIBOR	Fixed payable v/s floating receivable
Trading Swaps	19	2,201.46	LIBOR	Fixed receivable v/s floating payable
Trading Swaps	1	45.65	LIBOR / INBMK	Floating receivable v/s floating payable
Trading Swaps	2	177.52	Principal Only	Fixed receivable
Trading Swaps	2	177.52	Principal Only	Fixed payable
Hedging Swaps	5	811.51	Principal Only	Fixed payable
	52	**5,561.66**		

Agreements with Banks/Financial Institutions and corporates are under approved credit lines.

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March 2010 are set out below:

(Rs. in crores)

Sr. No.	Particulars	As at 31 March 2010
i)	**Notional principal amount of exchange traded interest rate derivatives undertaken during the year**	
	10 Year Long Gilt Futures - June 09	167.17
	10 Year Long Gilt Futures - September 09	190.27
	90 Day Euro $ Futures - December 09	53.88
	90 Day Euro $ Futures - June 09	116.74
	90 Day Euro $ Futures - June 10	35.92
	90 Day Euro $ Futures - March 10	53.88
	90 Day Euro $ Futures - Septemer 09	130.21
	AUST 10Y Bond Futures - June 09	69.98
	AUST 10Y Bond Futures - September 09	58.45
	EURO-BUND Futures - June 09	5,133.63
	EURO-BUND Futures - September 09	4,984.91
	EURO-SCHATZ Futures - June 09	495.71
	EURO-SCHATZ Futures - September 09	350.62
	JPN 10Y BOND (TSE) - June 09	9.61
	US 10 Years Note Future - June 09	251.44
	US 10 Years Note Future - September 09	325.08
	10 Years 7% GOI Security - December 09	69.16
	10 Years 7% GOI Security - March 10	36.44
	10 Years 7% GOI Security - June 10	14.48
		12,547.58
ii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March 2010**	
	90 Day Euro $ Futures - March 11	4.49
	90 Day Euro $ Futures - June 10	22.45
	90 Day Euro $ Futures - June 11	4.49
	90 Day Euro $ Futures - September 10	13.47
	90 Day Euro $ Futures - December 10	13.47
	10 years 7% GOI Security - June 10	2.80
		61.17
iii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March 2010 and "not highly effective"**	**N.A.**
iv)	**Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March 2010 and "not highly effective"**	**N.A.**

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March 2009 are set out below:

(Rs. in crores)

Sr. No.	Particulars	As at 31 March 2009
i)	**Notional principal amount of exchange traded interest rate derivatives undertaken during the year**	
	2 Year U.S. Treasury Notes Futures – December 08	223.17
	2 Year U.S. Treasury Notes Futures – June 08	18.26
	2 Year U.S. Treasury Notes Futures – September 08	22.32
	30 Day Interbank Cash Rate Futures – December 08	840.66
	30 Day Fed Fund Futures – September 08	507.20
	3 Month Euribor Futures – June 09	674.40
	3 Month Euribor Futures – March 09	2,765.04
	3 Month Euribor Futures – September 09	404.64
	5 Year U.S. Treasury Note Futures – June 08	5.07
	5 Year U.S. Treasury Note Futures – September 08	18.26
	Euro Dollar Futures – December 08	613.71
	Euro Dollar Futures – December 09	91.30
	Euro Dollar Futures – December 10	25.36
	Euro Dollar Futures – June 09	284.03
	Euro Dollar Futures – June 10	55.79
	Euro Dollar Futures – June 11	5.07
	Euro Dollar Futures – June 08	415.90
	Euro Dollar Futures – March 09	542.70
	Euro Dollar Futures – March 10	71.01
	Euro Dollar Futures – March 11	15.22
	Euro Dollar Futures – September 08	456.48
	Euro Dollar Futures – September 09	512.27
	Euro Dollar Futures – September 10	228.24
	10 Year Commonwealth Treasury Bond Futures – December 08	18.21
	10 Year Commonwealth Treasury Bond Futures – June 08	14.71
	10 Year Commonwealth Treasury Bond Futures – March 09	14.01
	10 Year Commonwealth Treasury Bond Futures – September 08	24.52
	3 Year Commonwealth Treasury Bond Futures – September 08	38.53
	Euro – BOBL Futures – June 08	4.05
	Euro – BOBL Futures – September 08	6.74
	Euro – BOBL Futures – December 08	6,806.04
	Euro – BOBL Futures – June 08	4,219.05
	Euro – BOBL Futures – June 09	458.59
	Euro – BOBL Futures – March 09	2,712.44
	Euro – BOBL Futures – September 08	4,236.58
	Euro – Schatz Futures – December 08	148.37
	Euro – Schatz Futures – June 09	47.21
	Euro – Schatz Futures – March 09	33.72
	10 Year Long Gilt Futures – March 09	43.49
	10 Year Long Gilt Futures – June 09	53.64
	10 Year JGB Futures – December 08	10.31
	10 Year JGB Futures – June 08	20.61
	10 Year JGB Futures – September 08	30.92
	10 Year U.S. Treasury Note Futures – December 08	420.98
	10 Year U.S. Treasury Note Futures – June 08	154.19
	10 Year U.S. Treasury Note Futures – June 09	177.52
	10 Year U.S. Treasury Note Futures – March 09	253.60
	10 Year U.S. Treasury Note Futures – September 08	187.66
		28,931.79

(Rs. in crores)

Sr. No.	Particulars	As at 31 March 2009
ii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March 2009**	
	Euro Dollar Futures – March 10	10.14
	Euro Dollar Futures – March 11	5.07
	Euro Dollar Futures – June 10	15.22
	Euro Dollar Futures – June 11	5.07
	Euro Dollar Futures – June 09	81.15
	Euro Dollar Futures – September 10	15.22
	Euro Dollar Futures – September 09	65.94
	Euro Dollar Futures – December 10	15.22
	Euro Dollar Futures – December 09	30.42
		243.45
iii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March 2009 and "not highly effective"**	**N.A.**
iv)	**Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March 2009 and "not highly effective"**	**N.A.**

2.1.27 Disclosure on risk exposure in Derivatives

Qualitative disclosures:

(a) Structure and organization for management of risk in derivatives trading, the scope and nature of risk measurement, risk reporting and risk monitoring systems and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants

The Bank undertakes derivative transactions for proprietary trading/market making, hedging own balance sheet and for offering to customers, who use them for hedging their risks within the prevalent regulations. Proprietary trading covers Interest Rate Futures and Rupee Interest Rate Swaps under different benchmarks viz. MIBOR, MIFOR and INBMK and USD/INR options. During the year, the Bank started trading in Rupee interest rate futures in the domestic market. These transactions expose the Bank to various risks, primarily credit, market and operational risk. The Bank has adopted the following mechanism for managing risk arising out of the derivative transactions.

In terms of the structure, the derivative transactions are originated by Treasury Front Office, which ensures compliance with the trade origination requirements as per the Bank's policy and RBI guidelines. Market Risk Group within the Bank's Risk Department independently identifies, measures and monitors market risk associated with derivative transactions, and appraises the Asset Liability Management Committee (ALCO) and the Risk Management Committee of the Board (RMC) on the compliance with the risk limits. Treasury Operations undertakes activities such as confirmation, settlement, ISDA documentation, accounting and other MIS reporting.

The derivative transactions are governed by the Derivative Policy, Hedging Policy and the Suitability and Appropriateness Policy of the Bank as well as by the extant RBI guidelines. The Bank has also put in place a detailed process flow for customer derivative transactions for effective management of operational risk.

Various risk limits are set up and actual exposures are monitored vis-à-vis the limits. These limits are set up taking in to account market volatility, business strategy and management experience. Risk limits are in place for risk parameters viz. PV01, VaR, stop loss, Delta, Gamma and Vega. Actual positions are monitored against these limits on a daily basis and breaches, if any, are reported promptly. Risk assessment of the portfolio is undertaken periodically. The Bank ensures that the Gross PV01 (Price value of a basis point) position arising out of all non option rupee derivative contracts are within the 0.25% of net worth of the Bank as on balance sheet date.

Hedging transactions are undertaken by the Bank to protect the variability in the fair value or the cash flow of the underlying balance sheet item. These deals are accounted on an accrual basis. These transactions are subjected to hedge effectiveness test and in case any transaction fails such a test, the same is re-designated as a trading deal with the prior approval of the competent authority and appropriate accounting treatment is followed therefore.

(b) Accounting policy for recording hedge and non-hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts

The use of derivatives for hedging purpose is governed by hedge policy approved by Bank's Asset Liability Management Committee (ALCO). Subject to prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate and floating rate coupon or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge derivative transactions are accounted for pursuant to the principals of hedge accounting. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the profit and loss account. The premium on option contracts is accounted for as per Foreign Exchange Dealers' Association of India guidelines. Derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with respective counterparties. The exposure on account of derivative transactions is computed as per RBI guidelines and is marked against the credit limits approved for the respective counterparties.

(c) Provisioning, collateral and credit risk mitigation

Derivative transactions comprise of swaps and options which are disclosed as contingent liabilities. The swaps/options are segregated as trading or hedge transactions. Trading swaps/options are revalued at the balance sheet date with the resulting unrealized gain or loss being recognized in the profit and loss account and correspondingly in other assets or other liabilities respectively. Hedged swaps are accounted for as per RBI guidelines. Pursuant to RBI guidelines any receivables under derivatives contacts, which remain overdue for more than 90 days, are reversed through profit and loss account and are held in a separate suspense account.

Collateral requirements for derivative transactions are laid down as part of sanction terms on a case by case basis. Such collateral requirement is determined, based on usual credit appraisal process. The Bank retains the right to terminate transactions as a risk mitigation measure in certain cases.

The credit risk in respect of customer derivative transactions is sought to be mitigated through a laid down policy on sanction of Loan Equivalent Risk (LER) limits, monitoring mechanism for LER limits and trigger events for escalation/margin calls/termination.

Quantitative Disclosure:

(Rs. in crores)

		As at 31 March 2010		
		Currency Derivatives		**Interest rate Derivatives**
Sr. No.	**Particulars**	**CCS**	**Options**	
1	**Derivatives (Notional Principal Amount)**			
	a) For hedging	134.70	-	2,491.90
	b) For trading	3,829.64	5,616.26	125,240.04
2	**Marked to Market Positions#**			
	a) Asset (+)	16.85	15.74	-
	b) Liability (-)	-	-	(1.03)
3	**Credit Exposure***	658.80	258.23	2,286.34
4	**Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March 2010)**			
	a) on hedging derivatives	0.01	-	54.56
	b) on trading derivatives	0.57	-	73.01
5	**Maximum and Minimum of 100*PV01 observed during the year**			
	a) on hedging			
	I) Minimum	0.01	-	32.17
	II) Maximum	1.60	-	61.62
	b) on Trading			
	I) Minimum	0.57	-	6.23
	II) Maximum	1.86	-	74.13

Only on trading derivatives and represents net position
* Includes accrued interest

(Rs. in crores)

		As at 31 March 2009		
		Currency Derivatives		**Interest rate Derivatives**
Sr. No.	**Particulars**	**CCS**	**Options**	
1	**Derivatives (Notional Principal Amount)**			
	a) For hedging	811.52	-	357.12
	b) For trading	4,750.14	8,462.08	74,258.88
2	**Marked to Market Positions#**			
	a) Asset (+)	24.30	88.68	8.56
	b) Liability (-)	-	-	-
3	**Credit Exposure***	756.85	583.35	2,521.54
4	**Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March 2009)**			
	a) on hedging derivatives	1.49	-	35.49
	b) on trading derivatives	0.84	-	9.59
5	**Maximum and Minimum of 100*PV01 observed during the year**			
	a) on hedging			
	I) Minimum	0.78	-	33.96
	II) Maximum	3.08	-	49.57
	b) on Trading			
	I) Minimum	0.15	-	3.03
	II) Maximum	1.00	-	16.90

Only on trading derivatives and represents net position
* Includes accrued interest

The notional principal amount of forex contracts classified as hedging and funding outstanding at 31 March 2010 amounted to Rs. 2,359.59 crores (previous year Rs. 2,724.36 crores) and Rs. 2,432.42 crores (previous year Rs. 3,109.89 crores) respectively. The notional principal amount of forex contracts classified as trading outstanding at 31 March 2010 amounted to Rs. 99,041.90 crores (previous year Rs.116,907.93 crores).

The net overnight open position at 31 March 2010 is Rs. 152.03 crores (previous year Rs. 31.61 crores)

2.1.28 No penalty/ strictures have been imposed on the Bank during the year by the Reserve Bank of India.

2.1.29 Disclosure of Customer Complaints

		31 March 2010	31 March 2009
a.	No. of complaints pending at the beginning of the year	**70**	52
b.	No. of complaints received during the year	**4,581**	3,272
c.	No. of complaints redressed during the year	**4,571**	3,254
d.	No. of complaints pending at the end of the year	**80**	70

2.1.30 Disclosure of Awards passed by the Banking Ombudsman

		31 March 2010	31 March 2009
a.	No. of unimplemented awards at the beginning of the year	**-**	-
b.	No. of awards passed by the Banking Ombudsman during the year	**8**	2
c.	No. of awards implemented during the year	**8**	2
d.	No. of unimplemented awards at the end of the year	**-**	-

2.1.31 Draw Down from Reserves

The Bank has not undertaken any draw down of reserves during the year except towards issue expenses incurred for the equity raising through the GDR, QIP and Preferential issue, which have been adjusted against the share premium account.

2.1.32 Letter of Comfort

The Bank has not issued any Letter of Comfort (LoC) on behalf of its subsidiaries.

2.1.33 Bancassurance Business

During the year, the Bank earned a total income of Rs. 125.09 crores (previous year Rs. 217.39 crores) from the sale of life insurance and general insurance products under the bancassurance business.

2.1.34 The Bank has not sponsored any special purpose vehicle which is required to be consolidated in the consolidated financial statements as per accounting norms.

2.1.35 Appropriation to General Reserve

During the year, based on RBI guidelines, the Bank has appropriated Rs. 0.31 crores to the general reserve account representing amount transferred to the profit and loss account in respect of outstanding credit entries of individual value less than USD 2500 or equivalent in Nostro accounts originated upto 31 March 2002.

2.1.36 Amount of total assets, non performing assets and revenue of overseas branches is given below:

(Rs. in crores)

Particulars	**31 March 2010**
Total assets	13,921.42
Total NPAs	-
Total revenue	604.36

2.2 Other disclosures

2.2.1 During the year, the Bank has appropriated Rs. 223.92 crores (previous year Rs. 146.72 crores) to Capital Reserve, being the gain on sale of HTM investments in accordance with RBI guidelines.

2.2.2 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

As at	**31 March 2010**	31 March 2009
Basic and Diluted earnings for the year (Net profit after tax) (Rs. in crores)	**2,514.53**	1,815.36
Basic weighted average no. of shares (in crores)	**38.23**	35.87
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	**0.87**	0.24
Diluted weighted average no. of shares (in crores)	**39.10**	36.11
Basic EPS (Rs.)	**65.78**	50.61
Diluted EPS (Rs.)	**64.31**	50.27
Nominal value of shares (Rs.)	**10.00**	10.00

Dilution of equity is on account of 8,708,581 stock options (previous year 2,388,519).

2.2.3 Employee Stock Options Scheme ('the Scheme')

In February 2001, pursuant to the approval of the shareholders at the Extraordinary General Meeting, the Bank approved an Employee Stock Option Scheme. Under the Scheme, the Bank is authorized to issue upto 13,000,000 equity shares to eligible employees. Eligible employees are granted an option to purchase shares subject to vesting conditions. The options vest in a graded manner over 3 years. The options can be exercised within 3 years from the date of the vesting. Further, in June 2004, June 2006 and June 2008, pursuant to the approval of the shareholders at Annual General Meeting, the Bank approved an ESOP scheme for additional 10,000,000, 4,800,000 and 7,970,000 options respectively.

29,293,700 options have been granted under the Scheme till the previous year ended 31 March 2009.

On 20 April 2009, the Bank granted 4,263,990 stock options (each option representing entitlement to one equity share of the Bank) to its employees and the ex-Chairman & CEO. These options can be exercised at a price of Rs. 503.25 per option. Further, on 13 July 2009 and 7 September 2009, the Bank also granted 100,000 and 50,000 stock options (each option representing entitlement to one equity share of the Bank) to the Managing Director & CEO and an employee respectively (on joining the Bank). These options can be exercised at a price of Rs. 738.25 and Rs. 907.25 per option respectively.

Stock option activity under the Scheme for the year ended 31 March 2010 is set out below:

	Options outstanding	Range of exercise prices (Rs.)	Weighted average exercise price (Rs.)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	13,852,974	39.77 to 824.40	459.87	2.95
Granted during the year	4,413,990	503.25 to 907.25	513.15	-
Forfeited during the year	(252,757)	97.62 to 804.40	356.51	-
Expired during the year	(24,320)	39.77 to 232.10	212.48	-
Exercised during the year	(4,092,369)	39.77 to 824.40	330.99	-
Outstanding at the end of the year	**13,897,518**	**97.62 to 907.25**	**514.27**	**2.87**
Exercisable at the end of the year	5,599,878	97.62 to 824.40	434.75	1.58

The weighted average share price in respect of options exercised during the year was Rs. 964.16.

Stock option activity under the Scheme for the year ended 31 March 2009 is set out below:

	Options outstanding	Range of exercise prices (Rs.)	Weighted average exercise price (Rs.)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	12,794,268	39.77 to 468.90	367.55	3.57
Granted during the year	2,677,355	824.40	824.40	-
Forfeited during the year	(322,805)	232.10 to 824.40	466.76	-
Expired during the year	(395)	97.62	97.62	-
Exercised during the year	(1,295,449)	39.77 to 468.90	299.95	-
Outstanding at the end of the year	**13,852,974**	**39.77 to 824.40**	**459.87**	**2.95**
Exercisable at the end of the year	5,616,088	39.77 to 824.40	320.20	1.86

The weighted average share price in respect of options exercised during the year was Rs.765.54.

Fair Value Methodology

Applying the fair value based method in Guidance Note on 'Accounting for Employee Share-based Payments' the impact on reported net profit and EPS would be as follows:

	31 March 2010	31 March 2009
Net Profit (as reported) (Rs. in crores)	**2,514.53**	1,815.36
Add: Stock based employee compensation expense included in net income (Rs. in crores)	**-**	-
Less: Stock based employee compensation expense determined under fair value based method (proforma) (Rs. in crores)	**(92.75)**	(86.30)
Net Profit (Proforma) (Rs. in crores)	**2,421.78**	1,729.06
Earnings per share: Basic (in Rs.)		
As reported	**65.78**	50.61
Proforma	**63.35**	48.20
Earnings per share: Diluted (in Rs.)		
As reported	**64.31**	50.27
Proforma	**61.94**	47.88

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

	31 March 2010	31 March 2009
Dividend yield	**1.32%**	1.22%
Expected life	**2-4 years**	2-4 years
Risk free interest rate	**3.87% to 6.80%**	7.96% to 8.01%
Volatility	**54.00% to 67.11%**	45.65% to 48.63%

Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes options pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered.

The weighted average fair value of options granted during the year ended 31 March 2010 is Rs. 205.72 (previous year Rs. 310.26).

2.2.4 Dividend paid on shares issued on exercise of stock options

The Bank may allot shares between the balance sheet date and record date for the declaration of dividend pursuant to the exercise of any employee stock options. These shares will be eligible for full dividend for the year ended 31 March 2010, if approved at the ensuing Annual General Meeting. Dividend relating to these shares has not been recorded in the current year.

Appropriation to proposed dividend during the year ended 31 March 2010 includes dividend of Rs. 0.51 crores (previous year Rs. 0.50 crores) paid pursuant to exercise of 436,489 employee stock options after the previous year end and record date for declaration of dividend for the year ended 31 March 2009.

2.2.5 Segmental reporting

The business of the Bank is divided into four segments: Treasury, Retail Banking, Corporate/Wholesale Banking and Other Banking Business. These segments have been identified and based on RBI's revised guidelines on Segment Reporting issued on 18 April 2007 vide Circular No. DBOD.No. BP.BC. 81 / 21.04.018/ 2006-07. The principal activities of these segments are as under.

Segment	**Principal Activities**
Treasury	Treasury operations include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the proprietary account and for customers and central funding.
Retail Banking	Constitutes lending to individuals/small businesses subject to the orientation, product and granularity criterion and also includes low value individual exposures not exceeding the threshold limit of Rs. 5 crores as defined by RBI. Retail Banking activities also include liability products, card services, internet banking, ATM services, depository, financial advisory services and NRI services.
Corporate / Wholesale Banking	Includes corporate relationships not included under Retail Banking, corporate advisory services, placements and syndication, management of public issue, project appraisals, capital market related services and cash management services.
Other Banking Business	All banking transactions not covered under any of the above three segments.

Revenues of the Treasury segment primarily consist of fees and gains or losses from trading operations and interest income on the investment portfolio. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses.

Revenues of the Corporate/Wholesale Banking segment consist of interest and fees earned on loans given to customers falling under this segment and fees arising from transaction services and merchant banking activities such as syndication and debenture trusteeship. Revenues of the Retail Banking segment are derived from interest earned on loans classified under this segment and fees for banking and advisory services, ATM interchange fees and cards products. Expenses of the Corporate/Wholesale Banking and Retail Banking segments primarily comprise interest expense on deposits and funds borrowed from other internal segments, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment income includes earnings from external customers and from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Inter segment interest income and interest expense represent the transfer price received from and paid to the Central Funding Unit (CFU) respectively. For this purpose, the funds transfer pricing mechanism presently followed by the Bank, which is based on historical matched maturity and market-linked benchmarks, has been used. Operating expenses other than those directly attributable to segments are allocated to the segments based on an activity-based costing methodology. All activities in the Bank are segregated segment-wise and allocated to the respective segment.

Geographical segment disclosure is not required to be made since the operations from foreign branches are less than the prescribed norms.

Segmental results are set out below:

(Rs. in crores)

	31 March 2010				
	Treasury	**Corporate/ Wholesale Banking**	**Retail Banking**	**Other Banking Business**	**Total**
Segment Revenue					
Gross interest income (external customers)	3,651.30	4,966.70	3,020.02	-	11,638.02
Other income	1,299.97	1,545.98	1,103.32	(3.49)	3,945.78
Total income as per profit and loss account	**4,951.27**	**6,512.68**	**4,123.34**	**(3.49)**	**15,583.80**
Add/(less) inter segment interest income	13,864.92	1,401.42	3,831.38	-	19,097.72
Total segment revenue	**18,816.19**	**7,914.10**	**7,954.72**	**(3.49)**	**34,681.52**
Less: Interest expense (external customers)	4,228.22	-	2,405.31	-	6,633.53
Less: Inter segment interest expenses	13,271.39	3,976.06	1,850.27	-	19,097.72
Less: Operating expenses	296.27	921.75	2,491.70	-	3,709.72
Less: Unallocated expenses					-
Operating profit	**1,020.31**	**3,016.29**	**1,207.44**	**(3.49)**	**5,240.55**
Less: Provision for non-performing assets/Others	(4.15)	626.09	766.90	0.35	1,389.19
Segment result	**1,024.46**	**2,390.20**	**440.54**	**(3.84)**	**3,851.36**
Less: Provision for Tax					1,336.83
Extraordinary profit/loss					-
Net Profit					**2,514.53**
Segment assets	72,242.96	68,180.20	37,696.52	2,528.17	180,647.85
Unallocated assets					-
Total assets					**180,647.85**
Segment liabilities	71,933.90	35,553.56	56,005.82	1,110.12	164,603.40
Unallocated liabilities					-
Total liabilities					**164,603.40**
Net assets	**309.06**	**32,626.64**	**(18,309.30)**	**1,418.05**	**16,044.45**
Fixed assets additions during the year				406.84	406.84
Depreciation on fixed assets during the year				234.32	234.32

Segmental results are set out below:

(Rs. in crores)

	31 March 2009				
	Treasury	**Corporate/ Wholesale Banking**	**Retail Banking**	**Other Banking Business**	**Total**
Segment Revenue					
Gross interest income (external customers)	3,369.68	4,796.24	2,669.56	-	10,835.48
Other income	730.20	1,206.40	965.68	(5.40)	2,896.88
Total income as per profit and loss account	**4,099.88**	**6,002.64**	**3,635.24**	**(5.40)**	**13,732.36**
Add/(less) inter segment interest income	16,179.32	1,276.60	3,040.00	-	20,495.92
Total segment revenue	**20,279.20**	**7,279.24**	**6,675.24**	**(5.40)**	**34,228.28**
Less: Interest expense (external customers)	5,331.22	1.51	1,816.54	-	7,149.27
Less: Inter segment interest expenses	13,735.11	4,402.57	2,358.24	-	20,495.92
Less: Operating expenses	222.72	735.97	1,899.52	-	2,858.21
Less: Unallocated expenses					-
Operating profit	**990.15**	**2,139.19**	**600.94**	**(5.40)**	**3,724.88**
Less: Provision for non-performing assets/Others	183.90	356.96	398.54	0.28	939.68
Segment result	**806.25**	**1,782.23**	**202.40**	**(5.68)**	**2,785.20**
Less: Provision for Tax					969.84
Extraordinary profit/loss					-
Net Profit					**1,815.36**
Segment assets	62,644.88	57,316.25	25,627.34	2,133.58	147,722.05
Unallocated assets					-
Total assets					**147,722.05**
Segment liabilities	66,473.65	27,212.66	42,958.50	863.65	137,508.46
Unallocated liabilities					-
Total liabilities					**137,508.46**
Net assets	**(3,828.77)**	**30,103.59**	**(17,331.16)**	**1,269.93**	**10,213.59**
Fixed assets additions during the year	-	-	-	457.74	457.74
Depreciation on fixed assets during the year	-	-	-	188.67	188.67

2.2.6 Related party disclosure

The related parties of the Bank are broadly classified as:

a) *Promoters*

The Bank has identified the following entities as its Promoters.

- Administrator of the Specified Undertaking of the Unit Trust of India (UTI-I)
- Life Insurance Corporation of India (LIC)
- General Insurance Corporation and four PSUs - New India Assurance Co. Ltd., National Insurance Co. Ltd., United India Insurance Co. Ltd. and The Oriental Insurance Co. Ltd.

b) *Key Management Personnel*

- Dr. P. J. Nayak (erstwhile Chairman & CEO) upto 20 April 2009
- Mrs. Shikha Sharma (Managing Director & Chief Executive Officer) with effect from 1 June 2009
- Mr. M.M.Agrawal (Deputy Managing Director) with effect from 10 February 2010

c) Relatives of Key Management Personnel

Mrs. Sunanda Nayak, Mrs. Sheela Nayak, Mr. Madhav Nayak, Mrs. Nikita Nayak, Mrs. Radhika Shenoi, Mr. Pramod Shenoi, Mr. Bharat Nayak, Mrs. Smitha Nayak, Mr. Sanjaya Sharma, Mrs. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Mrs. Bharti Agrawal, Mr. Vedprakash Agrawal, Mrs. Gayatri Devi Agrawal, Mr. Amit M Agrawal, Mrs. Rinki Agrawal, Master Kaustubh Agrawal, Ms. Prashasti Agrawal, Mr. Anand Agrawal, Mr. Praveen Agrawal, Mrs. Rekha Agrawal, Mrs. Renu Agrawal, Mrs. Meenu Agrawal

d) *Subsidiary Companies*

- Axis Securities and Sales Limited (formerly Axis Sales Limited)
- Axis Private Equity Limited
- Axis Trustee Services Limited
- Axis Asset Management Company Limited
- Axis Mutual Fund Trustee Limited

e) *Joint Venture*

- Bussan Auto Finance India Private Limited

  Based on RBI guidelines, details of transactions with Joint Venture Companies are not disclosed since there is only one entity / party in this category.

The details of transactions of the Bank with its related parties during the year ended 31 March 2010 are given below:

(Rs. in crores)

Items/Related Party	**Promoters**	**Key Management Personnel**	**Relatives of Key Management Personnel**	**Subsidiaries**	**Total**
Dividend Paid	151.97	-	-	-	**151.97**
Dividend Received	-	-	-	0.14	**0.14**
Interest Paid	246.89	0.02	0.01	0.90	**247.82**
Interest Received	-	0.01	-	-	**0.01**
Investment of the Bank	-	-	-	55.95	**55.95**
Investment of Related Parties in the Bank	360.56	-	-	-	**360.56**
Investment in Subordinated Debt / Hybrid Capital of the Bank	1,055.00	-	-	-	**1,055.00**
Redemption of Subordinated Debt	5.00	-	-	-	**5.00**
Sale of Investments	537.48	-	-	-	**537.48**
Management Contracts and Other reimbursements	1.82	2.62	-	3.15	**7.59**
Purchase of Fixed Assets	-	-	-	0.10	**0.10**
Non-funded commitments	0.05	-	-	-	**0.05**
Advance granted	-	-	-	0.09	**0.09**
Advance repaid	-	-	-	0.09	**0.09**
Sale of fixed assets	-	-	-	-	-
Receiving of Services	16.11	-	-	94.25	**110.36**
Rendering of Services	1.92	-	-	7.74	**9.66**
Other Reimbursements to Related Parties	-	-	-	-	**-**

The balances payable to/receivable from the related parties of the Bank as on 31 March 2010 are given below:

(Rs. in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Deposits with the Bank	3,662.04	1.72	0.64	21.56	**3,685.96**
Placement of Deposits	0.16	-	-	-	**0.16**
Advances	50.17	0.39	-	-	**50.56**
Investment of the Bank	-	-	-	114.55	**114.55**
Investment of Related Parties in the Bank	156.15	0.02	-	-	**156.17**
Repo Borrowings	-	-	-	-	**-**
Non-funded commitments	39.00	-	-	-	**39.00**
Investment in Subordinated Debt/Hybrid Capital of the Bank	2,815.00	-	-	-	**2,815.00**
Advance for Rendering of Services	-	-	-	-	**-**
Leasing/HP arrangements provided	-	-	-	-	**-**
Other Receivables	-	-	-	7.19	**7.19**
Other Payables	-	-	-	7.97	**7.97**

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March 2010 are given below:

(Rs. in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Total
Deposits with the Bank	3,662.04	10.43	0.64	46.62	**3,719.73**
Placement of Deposits	0.16	-	-	-	**0.16**
Advances	59.36	0.40	-	0.07	**59.83**
Investment of the Bank	-	-	-	114.55	**114.55**
Investment of Related Parties in the Bank	156.64	0.13	-	-	**156.77**
Repo Borrowing	-	-	-	-	**-**
Non-funded commitments	39.05	-	-	-	**39.05**
Investment in Subordinated Debt/Hybrid Capital of the Bank	2,815.00	-	-	-	**2,815.00**
Advance for Rendering of Services	-	-	-	-	**-**
Leasing/HP Arrangements Provided	-	-	-	-	**-**
Other Receivables	-	-	-	7.19	**7.19**
Other Payables	-	-	-	15.01	**15.01**

The details of transactions of the Bank with its related parties during the year ended 31 March 2009 are given below:

(Rs. in crores)

Items/Related Party	Promoters	Subsidiaries	Total
Dividend Paid	91.22	-	**91.22**
Interest Paid	69.75	0.35	**70.10**
Interest Received	0.13	6.50	**6.63**
Investment of the Bank	-	33.60	**33.60**
Investment of Related Parties in the Bank	-	-	**-**
Investment in Subordinated Debt / Hybrid Capital of the Bank	1,500.00	-	**1,500.00**
Redemption of Subordinated Debt	20.00	-	**20.00**
Sale of Investments	449.86	-	**449.86**
Management Contracts and Other reimbursements	-	5.01	**5.01**
Purchase of Fixed Assets	-	0.15	**0.15**
Advance granted	-	-	**-**
Advance repaid	-	-	**-**
Sale of fixed assets	-	0.05	**0.05**
Receiving of Services	24.94	69.66	**94.60**
Rendering of Services	1.73	0.31	**2.04**
Other Reimbursements to Related Parties	5.00	1.20	**6.20**

The balances payable to/receivable from the related parties of the Bank as on 31 March 2009 are given below.

(Rs. in crores)

Items/Related Party	Promoters	Subsidiaries	Total
Deposits with the Bank	3,366.27	16.45	**3,382.72**
Placement of Deposits	0.15	-	**0.15**
Advances	-	-	**-**
Investment of the Bank	-	58.60	**58.60**
Investment of Related Parties in the Bank	152.23	-	**152.23**
Repo Borrowings	-	-	**-**
Non-funded commitments	39.00	-	**39.00**
Investment in Subordinated Debt/Hybrid Capital of the Bank	1,740.00	-	**1,740.00**
Advance for Rendering of Services	-	8.67	**8.67**
Leasing/HP arrangements provided			
Other Receivables	-	0.21	**0.21**

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March 2009 are given below:

(Rs. in crores)

Items/Related Party	Promoters	Subsidiaries	Total
Deposits with the Bank	3,366.27	26.31	3,392.58
Placement of Deposits	0.15	-	0.15
Advances	0.14	192.26	192.40
Investment of the Bank	-	58.60	58.60
Investment of Related Parties in the Bank	152.23	-	152.23
Repo Borrowing	44.20	-	44.20
Non-funded commitments	39.00	-	39.00
Investment in Subordinated Debt/Hybrid Capital of the Bank	1,740.00	-	1,740.00
Advance for Rendering of Services	-	-	-
Leasing/HP arrangements provided	-	-	-
Other Receivables	-	-	-

2.2.7 *Leases*

Disclosure in respect of assets given on operating lease

Operating lease comprises leasing of power generation equipments.

(Rs. in crores)

	31 March 2010	31 March 2009
Gross carrying amount at the beginning of the year	**-**	76.50
Accumulated depreciation as at the end of the year	**-**	-
Accumulated impairment losses as at the end of the year	**-**	-
Depreciation for the year	**-**	1.51
Impairment losses for the year	**-**	-
Minimum lease payments receivable at the end of the year	**-**	-
Future lease rentals receivable as at the end of the year:		
- Not later than one year	**-**	-
- Later than one year and not later than five years	**-**	-
- Later than five years	**-**	-

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements.

Disclosure in respect of assets taken on operating lease

Operating lease comprises leasing of office premises/ATMs, staff quarters, electronic data capturing machines and IT equipment.

(Rs. in crores)

	31 March 2010	31 March 2009
Future lease rentals payable as at the end of the year:		
- Not later than one year	**405.97**	319.22
- Later than one year and not later than five years	**1,164.36**	953.01
- Later than five years	**718.94**	583.96
Total of minimum lease payments recognized in the profit and loss account for the year	**412.99**	303.76
Total of future minimum sub-lease payments expected to be received under non-cancellable subleases	**1.15**	2.53
Sub-lease payments recognized in the profit and loss account for the year	**0.61**	0.28

The Bank has sub-leased certain of its properties taken on lease. There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

2.2.8 Other Fixed Assets (including furniture & fixtures)

The movement in fixed assets capitalized as application software is given below:

(Rs. in crores)

Particulars	**31 March 2010**	31 March 2009
At cost at the beginning of the year	**220.20**	164.33
Additions during the year	**47.11**	56.09
Deductions during the year	**(0.58)**	(0.22)
Accumulated depreciation as at 31 March	**(162.21)**	(125.23)
Closing balance as at 31 March	**104.52**	94.97

2.2.9 The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(Rs. in crores)

As at	31 March 2010	31 March 2009
Deferred tax assets on account of provisions for doubtful debts	**421.52**	307.65
Deferred tax assets on account of amortization of HTM investments	**147.83**	128.10
Deferred tax assets on account of provision for retirement benefits	**47.79**	35.03
Deferred tax liability on account of depreciation and impairment on fixed assets	**(32.68)**	(36.80)
Other deferred tax assets	**26.87**	22.16
Net deferred tax asset/(liability)	**611.33**	456.14

2.2.10 Employee Benefits

Provident Fund

The contribution to the employee's provident fund amounted to Rs. 37.10 crores for the year ended 31 March 2010 (previous year Rs. 29.70 crores).

Superannuation

The Bank contributed Rs. 9.67 crores to the employee's superannuation plan for the year ended 31 March 2010 (previous year Rs. 8.77 crores).

Leave Encashment

The Bank charged an amount of Rs. 35.31 crores as liability for leave encashment for the year ended 31 March 2010 (previous year Rs. 45.12 crores).

Gratuity

The following tables summarize the components of net benefit expenses recognized in the profit and loss account and funded status and amounts recognized in the balance sheet for the Gratuity benefit plan.

Profit and Loss Account

Net employee benefit expenses (recognized in payments to and provisions for employees)

(Rs. in crores)

	31 March 2010	31 March 2009
Current Service Cost	**8.67**	5.53
Interest on Defined Benefit Obligation	**2.93**	2.10
Expected Return on Plan Assets	**(2.58)**	(1.52)
Net Actuarial Losses/ (Gains) recognized in the year	**(4.11)**	6.82
Past Service Cost	**-**	-
Losses/ (Gains) on "Curtailments & Settlements"	**-**	-
Total included in "Employee Benefit Expense"	**4.91**	**12.93**
Actual Return on Plan Assets	3.04	0.79

Balance Sheet

Details of provision for gratuity

(Rs. in crores)

	31 March 2010	31 March 2009
Present Value of Funded Obligations	**42.56**	36.37
Fair Value of Plan Assets	**(43.97)**	(29.75)
Present Value of Unfunded Obligations	**-**	-
Unrecognized Past Service Cost	**-**	-
Net Liability	**(1.41)**	6.62
Amounts in Balance Sheet		
Liabilities	**-**	6.62
Assets	**1.41**	-
Net Liability	**(1.41)**	6.62

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

(Rs. in crores)

	31 March 2010	31 March 2009
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	**36.37**	23.35
Current Service Cost	**8.67**	5.53
Interest Cost	**2.93**	2.10
Actuarial Losses / (Gains)	**(3.65)**	6.09
Liabilities Extinguished on Curtailment	**-**	-
Liabilities Extinguished on Settlements	**-**	-
Liabilities Assumed on Acquisition	**-**	-
Exchange Difference on Foreign Plans	**-**	-
Benefits Paid	**(1.76)**	(0.70)
Closing Defined Benefit Obligation	**42.56**	36.37

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

(Rs. in crores)

	31 March 2010	31 March 2009
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	**29.75**	17.74
Expected Return on Plan Assets	**2.58**	1.52
Actuarial Gains / (Losses)	**0.46**	(0.73)
Assets Distributed on Settlements	**-**	-
Contributions by Employer	**12.94**	11.92
Assets Acquired due to Acquisition	**-**	-
Exchange Difference on Foreign Plans	**-**	-
Benefits Paid	**(1.76)**	(0.70)
Closing Fair Value of Plan Assets	**43.97**	29.75

Experience adjustments

(Rs. in crores)

	31 March 2010	31 March 2009	31 March 2008	31 March 2007
Defined Benefit Obligations	**42.56**	36.37	23.35	14.32
Plan Assets	**43.97**	29.75	17.74	11.89
Surplus / (Deficit)	**1.41**	(6.62)	(5.61)	(2.43)
Experience Adjustments on Plan Liabilities	**1.16**	3.38	3.56	2.29
Experience Adjustments on Plan Assets	**0.46**	(0.73)	(0.17)	0.13

	31 March 2010	31 March 2009
The major categories of plan assets as a percentage of fair value of total plan assets – Insurer Managed Funds	**100.00%**	100.00%

	31 March 2010	31 March 2009
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	**7.90% p.a.**	6.70% p.a.
Expected rate of Return on Plan Assets	**7.50% p.a.**	7.50% p.a.
Salary Escalation Rate	**6.00% p.a.**	6.00% p.a.
Employee Turnover		
- 21 to 44 (age in years)	**10.00%**	10.00%
- 44 to 64 (age in years)	**1.00%**	1.00%

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date is based on various internal/external factors, a best estimate of the contribution is not determinable.

2.2.11 Provisions and contingencies

a) Movement in provision for frauds included under other liabilities is set out below:

(Rs. in crores)

	31 March 2010	31 March 2009
Opening balance at the beginning of the year	**4.51**	4.95
Additions during the year	**0.04**	-
Reductions on account of payments during the year	**(0.27)**	(0.44)
Reductions on account of reversals during the year	**(4.07)**	-
Closing balance at the end of the year	**0.21**	4.51

b) Movement in provision for credit enhancements on securitized assets is set out below:

(Rs. in crores)

	31 March 2010	31 March 2009
Opening balance at the beginning of the year	**-**	3.10
Additions during the year	**-**	-
Reductions during the year	**-**	(3.10)
Closing balance at the end of the year	**-**	-

c) Movement in provision for credit card reward points is set out below:

(Rs. in crores)

	31 March 2010	31 March 2009
Opening provision at the beginning of the year	**5.73**	5.94
Provision made during the year	**5.61**	0.80
Reductions during the year	**(0.88)**	(1.01)
Closing provision at the end of the year	**10.46**	5.73

d) Movement in provision for debit card reward points is set out below:

(Rs. in crores)

	31 March 2010	31 March 2009
Opening provision at the beginning of the year	**4.24**	-
Provision made during the year	**3.74**	4.24
Reductions during the year	**(0.03)**	-
Closing provision at the end of the year	**7.95**	4.24

2.2.12 Description of contingent liabilities:

a) Claims against the Bank not acknowledged as debts

These represent claims filed against the Bank in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by the Bank.

b) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, currency options/swaps, interest rate futures and forward rate agreements on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on ruling spot rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardized, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time.

c) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items

Other items represent outstanding amount of bills rediscounted by the Bank, estimated amount of contracts remaining to be executed on capital account and commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end.

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

For Axis Bank Ltd.

Adarsh Kishore
Chairman

R. H. Patil
Director

N. C. Singhal
Director

Shikha Sharma
Managing Director & CEO

P. J. Oza
Company Secretary

Somnath Sengupta
Executive Director & CFO

R. B. L. Vaish
Director

M. M. Agrawal
Deputy Managing Director

Date : 20 April 2010
Place: Mumbai

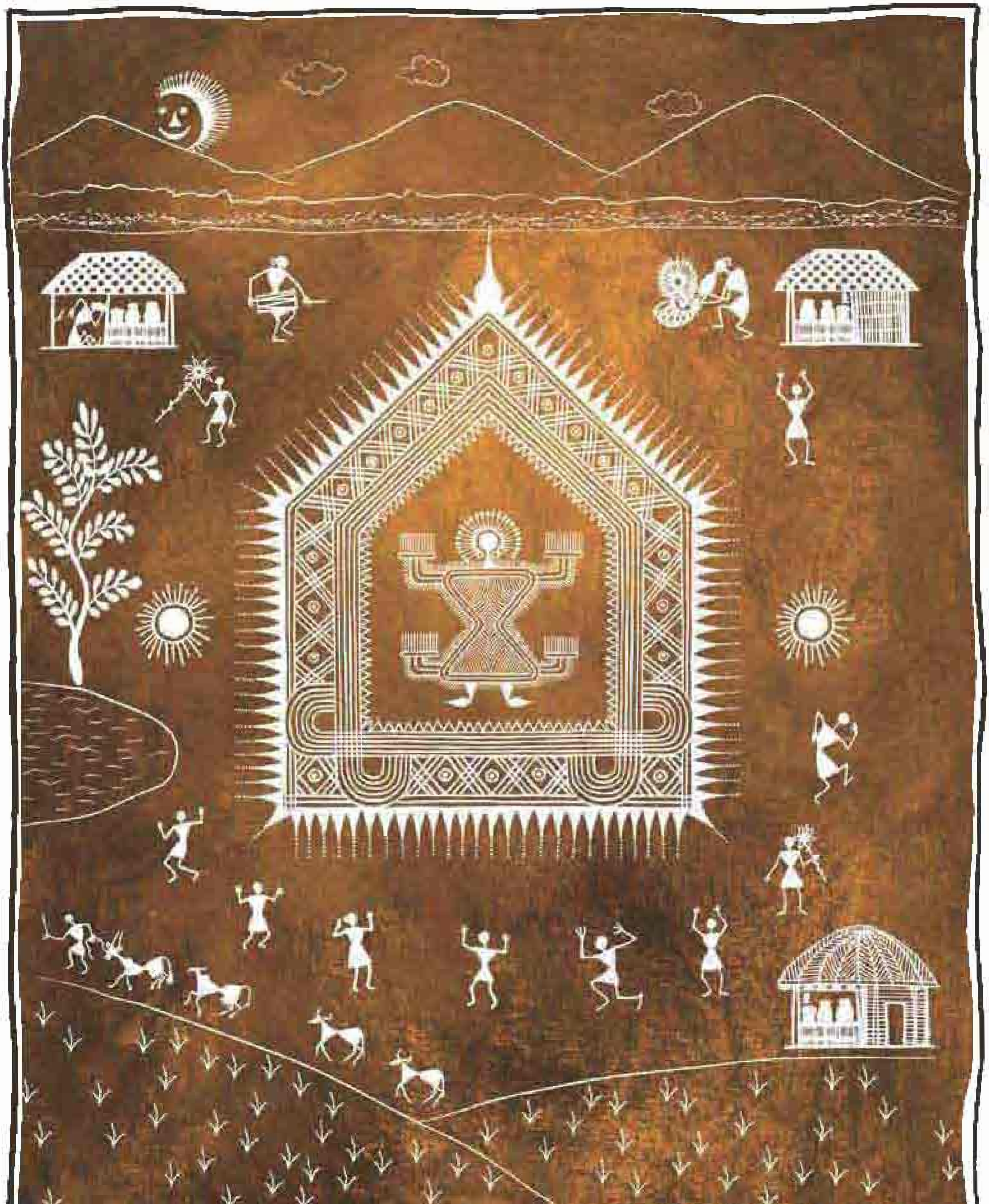
Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary company

In terms of the approval u/s 212(8) of the Companies Act, 1956 granted by the Ministry of Corporate Affairs, Government of India vide its letter no. 47/39/2010-CL-III dated 25th January 2010

(Rs. in thousands)

	For the year ended 31st March 2010			For the period from 2nd January 2009 to 31st March 2010	For the period from 13th January 2009 to 31st March 2010
	Axis Securities and Sales Ltd. *	**Axis Private Equity Ltd.**	**Axis Trustee Services Ltd.**	**Axis Mutual Fund Trustee Ltd.**	**Axis Asset Management Company Ltd.**
Capital	300,000	150,000	15,000	500	680,000
Reserves and Surplus	(81,608)	5,198	18,557	77	(506,073)
Total Assets (Fixed Assets + Investments + Current Assets + Deferred Tax Assets)	314,523	168,264	71,691	1,083	338,389
Total liabilities (Loans + Current Liabilities + Provisions)	96,131	13,066	38,134	506	164,462
Investments	-	-	-	300	162,500
Total Income	1,017,070	122,616	58,147	1,383	48,259
Profit/(loss) Before Taxation	86,263	53,873	38,170	151	(506,071)
Provision for Taxation	10,314	17,384	13,037	74	2
Profit/(Loss) After Taxation	75,949	36,489	25,133	77	(506,073)
Proposed Dividend and Tax (including cess thereon)	-	-	8,746	-	-

* the name of the company was changed from Axis Sales Ltd. to Axis Securities and Sales Ltd. with effect from 5th April 2010



Ethics

Our inner voice is as important as the bottom line. We want to win always, but not at the cost of our conscience.

A basic sense of right and wrong guides us in all our dealings, whether these relate to business or to Corporate Social Responsibility initiatives.

AUDITORS' CERTIFICATE

To
The Members of Axis Bank Limited

1. We have examined the compliance of conditions of corporate governance by Axis Bank Limited ('the Bank'), for the year ended on 31 March 2010, as stipulated in clause 49 of the Listing Agreement of the said Bank with The Bombay Stock Exchange, The Stock Exchange, Ahmedabad and The National Stock Exchange. The Bank was listed on all three Stock Exchanges upto 16 August 2009 and after delisting from The Stock Exchange, Ahmedabad, is listed only on The Bombay Stock Exchange and The National Stock Exchange for the year ended 31 March 2010.

2. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For S.R. Batliboi & Co.
Firm registration number: 301003E
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.: 048749

Mumbai
Date: 20 April 2010

CORPORATE GOVERNANCE

(Forming Part of the Directors' Report for the year Ended 31 March 2010)

1. Philosophy on Code of Governance

The Bank's policy on Corporate Governance has been:

I. To enhance the long term interest of its shareholders and to provide good management, the adoption of prudent risk management techniques and compliance with the required standards of capital adequacy, thereby safeguarding the interest of its other stakeholders such as depositors, creditors, customers, suppliers and employees.

II. To identify and recognize the Board of Directors and the Management of the Bank as the principal instruments through which good corporate governance principles are articulated and implemented. Further, to identify and recognize accountability, transparency and equality of treatment for all stakeholders, as central tenets of good corporate governance.

2. Board of Directors

The composition of the Board of Directors of the Bank is governed by the Companies Act, 1956, the Banking Regulation Act, 1949 and the Clause 49 of the Listing Agreement. The Bank's Board comprises of a combination of executive and non-executive Directors. During the year, the maximum number of members of the Board has been increased to 15 which has received the approval of the shareholders of the Bank and the Central Government. The Board presently consists of 12 Directors and its composition provides a combination of professionalism, knowledge and experience required in the banking business. The Board is responsible for the management of the Bank's business. The function, responsibility, role and accountability of the Board are well-defined. In addition to monitoring corporate performance, the Board also carries out functions such as taking care of all statutory agenda, approving the Business Plan, reviewing and approving the annual budgets and borrowing limits, and fixing exposure limits. It ensures that the Bank keeps shareholders informed about plans, strategies and performance. The detailed reports of the Bank's performance are periodically placed before the Board.

The composition of the Bank's Board includes the representatives of the Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI), and the Life Insurance Corporation of India, the Bank's promoters. The following members now constitute the Board:

Adarsh Kishore	Non Executive Chairman Promoter - Nominee of the Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)
Shikha Sharma	Managing Director and Chief Executive Officer
M. M. Agrawal	Deputy Managing Director
N. C. Singhal	Independent
J. R. Varma	Independent
R. H. Patil	Independent
Rama Bijapurkar	Independent
R. B. L. Vaish	Promoter - Nominee of the Life Insurance Corporation of India
M. V. Subbiah	Independent
K. N. Prithviraj	Promoter- Nominee of the Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)
V. R. Kaundinya	Independent
S. B. Mathur	Independent

Of these, all Directors are independent except Dr. Adarsh Kishore, Smt. Shikha Sharma, Shri R. B. L. Vaish, Shri K. N. Prithviraj and Shri M. M. Agrawal. Thus, the 7 Independent Directors constitute more than 1/3rd of the Board's membership.

Shri M. V. Subbiah, Shri R. B. L. Vaish, Shri K. N. Prithviraj, Smt. Rama Bijapurkar and Smt. Shikha Sharma attended the last Annual General Meeting held on 1 June, 2009 at Ahmedabad.

Shri N. C. Singhal, Chairman of the Audit Committee of the Board had informed the Bank of his inability to attend the Annual General Meeting held on 1 June 2009 due to prior engagements. The Audit Committee had, therefore, appointed Dr. R. H. Patil as Vice-Chairman to be able to attend the Annual General Meeting and respond to the queries of shareholders in the absence of

Shri Singhal. However, Dr. R.H. Patil too could not attend the meeting due to unavoidable reasons and in his place other members of the Audit Committee, Shri M. V. Subbiah and Shri R. B. L. Vaish represented the Audit Committee in the Annual General Meeting.

In all, 8 meetings of the Board were held during the year on the following dates, besides the Annual General Meeting:

20 April 2009, 14 May 2009, 1 June 2009, 13 July 2009, 4 August 2009, 24 September 2009, 12 October 2009 and 15 January 2010.

Smt. Rama Bijapurkar and Shri R. B. L. Vaish attended all the eight meetings. Shri N. C. Singhal attended seven meetings. Shri M. V. Subbiah and Shri K. N. Prithviraj attended six meetings. Smt. Shikha Sharma attended all the six meetings for which she was eligible. Shri J. R. Varma attended five meetings. Dr. R. H. Patil attended two meetings. Shri Ramesh Ramnathan attended two out of the four meetings for which he was eligible. Dr. P. J. Nayak, Dr. Adarsh Kishore, Shri A. T. Pannir Selvam, Shri V. R. Kaundinya, and Shri S. B. Mathur attended the only meeting for which they were eligible.

These disclosures are made as required under the amended Companies Act.

The Directors of the Bank also hold positions, as directors, trustees, members and partners in other well-known and reputed companies, trusts, associations and firms as per the details given below:

i. ADARSH KISHORE

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	AEGON Religare Life Insurance Company Limited	Independent Director/Member - Audit & Compliance Committee/Member - Nomination & Remuneration Committee/Member - Policyholders Protection Committee/Member - Ethics Committee

ii. SHIKHA SHARMA

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Axis Asset Management Company Limited	Chairperson
2.	Axis Private Equity Limited	Director

iii. M. M. AGRAWAL

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Axis Trustee Services Limited	Chairman
2.	Axis Private Equity Limited	Director/Member-Audit and Remuneration Committee/Member-Nomination Committee

iv. N. C. SINGHAL

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Deepak Fertilisers & Petrochemicals Corporation Limited	Director/Chairman - Audit Committee
2.	Max India Limited	Director/Chairman - Audit Committee/ Member - Remuneration Committee/ Member - Shareholders/ Investors Grievance Committee
3.	Birla Sun Life Asset Management Company Limited	Director/ Member - Remuneration Committee
4.	Tolani Shipping Limited	Director / Chairman - Audit Committee
5.	Mahagujarat Chamunda Cements Company Pvt. Ltd.	Director

6.	SCI Forbes Limited	Chairman
7.	Binani Industries Limited	Director/Member - Investors Relation Committee
8.	Forbes Bumi Armada Limited	Chairman
9.	Samalpatti Power Company Pvt. Ltd.	Chairman/Chairman - Remuneration Committee
10.	Ambit Holdings Pvt. Limited	Director/Chairman - Audit Committee
11.	International Chamber of Commerce - Financial Investigations Services, London	Member - Advisory Board
12.	Board of Governors, Tolani Maritime Institute	Member

v. J. R. VARMA

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Infosys BPO Limited	Director/Chairman - Compensation Committee/Chairman - Audit Committee
2.	OnMobile Global Limited	Director/Chairman - Audit Committee/ Member - Share Transfers and Investor Grievance Committee

vi. R. H. PATIL

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	The Clearing Corporation of India Ltd.	Chairman/Chairman - Bye Laws Rules & Regulations Committee/Chairman-Membership Approval Committee/ Chairman-Capital Expenditure Approval Committee/Chairman-HR Committee of Directors/Chairman- Committee of Directors for Payment Systems Related Policy Issues
2.	Clear Corp Dealing Systems (India) Ltd.	Chairman/Chairman-Membership Approval Committee
3.	National Securities Clearing Corporation India Ltd.	Director/Chairman -Audit Committee/ Member-Committee for Declaration of Default
4.	National Stock Exchange of India Ltd.	Director/Chairman - Audit Committee/Member-Committee for Declaration of Default/Member-Pricing Committee/Member - Technology Committee/Member-Executive Committee for CDS Segment/Member-Investor Protection Fund Trust
5.	NSE.IT Ltd.	Director/Member-Audit Committee/ Member-Remuneration HR Committee
6.	National Securities Depository Ltd.	Chairman/Chairman-Nomination Committee/ Chairman-Compensation Committee/Member-Audit Committee

7.	NSDL Database Management Ltd.	Chairman/Chairman-Audit Committee
8.	SBI Capital Markets Ltd.	Director/Chairman-Remuneration HR Committee/Chairman-Risk Management Committee/Member-Audit Committee/ Member-Committee of Directors
9.	CorpBank Securities Ltd.	Director/Chairman-Audit Committee
10.	Axis Private Equity Ltd.	Chairman
11.	L&T Infrastructure Finance Company Ltd.	Director/Chairman-Audit Committee/Chairman- Risk Management Committee
12.	IDFC Asset Management Company Pvt. Ltd. (erstwhile Standard Chartered Asset Management Co. Pvt. Ltd.)	Director
13.	The Tata Power Company Ltd.	Director

vii. RAMA BIJAPURKAR

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Infosys Technologies Ltd.	Independent Director/ Chairperson-Investor Grievance Committee/Member-Risk Identification and Mitigation Committee
2.	Godrej Consumer Products Ltd.	Independent Director/Chairperson- Nominations Committee/Chairperson- Chairperson-Human Resources & Compensation Committee
3.	CRISIL Limited	Independent Director/ Member-Compensation Committee
4.	CRISIL Risk & Infra Structure Solutions Limited	Chairperson/Independent Director
5.	Mahindra Holidays & Resorts India Ltd.	Independent Director/Chairperson- Remuneration Committee/ Member-Audit Committee
6.	Mahindra & Mahindra Financial Services Ltd.	Independent Director/ Member- Audit Committee/ Member- Risk Management Committee
7.	ICICI Prudential Life Insurance Company Ltd.	Independent Director/Chairperson-Board Nomination & Compensation Committee/ Member-Risk Committee
8.	Bharat Petroleum Corporation Ltd.	Independent Director/Member- Remuneration Committee
9.	Ambit Holdings Pvt. Ltd.	Independent Director/ Member- Compensation Committee
10.	Give Foundation (Sec. 25 Company)	Independent Director

viii. R. B. L. VAISH

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	OTCEI Securities Limited	Director
2.	Jay Bharat Textiles and Real Estate Limited	Director
3.	Eskay K'n'IT (India) Limited	Director

ix. M. V. SUBBIAH

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Lakshmi Machine Works Ltd.	Director
2.	SRF Limited	Director/Chairman - Audit Committee
3.	Parry Enterprises India Limited	Director
4.	National Skills Development Corporation (Sec. 25 Company)	Chairman
5.	Chennai Willingdon Corporate Foundation (Sec. 25 Company)	Director
6.	Chennai Heritage (Sec. 25 Company)	Director
7.	Murugappa & Sons	Partner
8.	Kadamane Estates Company	Partner
9.	Vellayan Chettiar Trust	Trustee
10.	Muna Vena Murugappan Trust	Trustee
11.	A M M Foundation	Trustee
12.	India Foundation for the Arts	Trustee
13.	Advisory Board of Pari Washington Company	Member
14.	Advisors Private Limited, Chennai	Member
15.	Meenakshi Charitable Trust	Trustee
16.	Pallathur Nagarathar Trust	Trustee
17.	National Skill Development Trust	Trustee

x. K. N. PRITHVIRAJ

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Specified Undertaking of the Unit Trust of India	Administrator & Member of Board of Advisors
2.	Surana Industries Ltd.	Independent Director/ Member- Audit Committee/ Member-Remuneration Committee
3.	Shinsei Trustee Company (India) Pvt. Ltd.	Independent Director/Non Executive Chairman-Board of Trustees / Member-Audit Committee
4.	Falcon Tyres (India) Ltd.	Independent Director/ Member- Audit Committee/ Member-Remuneration Committee
5.	Brickwork Ratings (India) Pvt. Ltd.	Independent Director/ Head-Rating Committee
6.	UTI Technology Services Ltd. (UTI TSL)	Non Executive Chairman

7.	UTI Infrastructure & Services Ltd. (UTI ISL)	Non-Executive Chairman
8.	Dwarikeshwar Sugars Industries Ltd.	Independent Director
9.	PNB Investment Services Ltd.	Independent Director

xi. V. R. KAUNDINYA

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Advanta India Limited	MD & CEO
2.	Advanta Seeds Ltd.	Director
3.	Unicorn Seeds Pvt. Ltd.	Director

xii. S. B. MATHUR

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	DCM Sriram Industries Ltd.	Director/Member-Audit Committee
2.	Havells India Ltd.	Director/Chairman-Audit Committee
3.	HDIL Ltd.	Director
4.	HOEC Ltd.	Director/Member-Audit Committee
5.	IL&FS Ltd.	Director
6.	ITC Ltd.	Director/Chairman-Audit Committee
7.	National Collateral Management Services Co. Ltd.	Director
8.	National Stock Exchange of India Ltd.	Director
9.	Orbis Financial Corporation Ltd.	Chairman/Member-Audit Committee
10.	Ultratech Cement Ltd.	Director
11.	Universal Sompo General Insurance Co. Ltd.	Director/Chairman-Audit Committee
12.	IDFC Trustee Co. Ltd.	Trustee
13.	AIG Trustee Co. Pvt. Ltd.	Trustee/Member-Audit Committee
14.	Munich Re India Services Pvt. Ltd.	Director
15.	EMD Locomotive Technologies Pvt. Ltd.	Director
16.	J.M. Financial Asset Reconstruction Co. Pvt. Ltd.	Director
17.	Specified Undertaking of the Unit Trust of India (SUUTI)	Advisor
18.	National Investment Fund	Advisor
19.	General Insurance Corporation of India	Director

The business of the Board is also conducted through the following Committees constituted by the Board to deal with specific matters and delegated powers for different functional areas:

a) Committee of Directors

N. C. Singhal - Chairman
R. H. Patil
M. V. Subbiah
Shikha Sharma
M. M. Agrawal

b) Audit Committee

N. C. Singhal - Chairman
R. H. Patil - Vice-Chairman
R. B. L. Vaish
M. V. Subbiah

c) Risk Management Committee

Adarsh Kishore - Chairman
J. R. Varma
Shikha Sharma
M. M. Agrawal

d) Shareholders/Investors Grievance Committee

Adarsh Kishore - Chairman
R. B. L. Vaish
K. N. Prithviraj

e) Remuneration and Nomination Committee

R. H. Patil - Chairman
N. C. Singhal
Rama Bijapurkar
K. N. Prithviraj

f) Special Committee of the Board of Directors for Monitoring of Large Value Frauds

Shikha Sharma - Chairperson
N. C. Singhal
R. H. Patil
Adarsh Kishore

g) Customer Service Committee

R. B. L. Vaish - Chairman
J. R. Varma

h) Committee of Whole-Time Directors

Shikha Sharma - Chairperson
M. M. Agrawal

The functions of the Committees are discussed below:

a) Committee of Directors

The Committee of Directors is vested with the following functions and powers:

i. To provide approvals for loans above certain stipulated limits, discuss strategic issues in relation to credit policy, and deliberate on the quality of the credit portfolio.
ii. To sanction expenditures above certain stipulated limits.
iii. To approve expansion of the location of the Bank's network of offices, branches, extension counters, ATMs and currency chests.
iv. To review investment strategy and approve investment related proposals above certain limits.
v. To approve proposals relating to the Bank's operations covering all departments and business segments, and
vi. To discuss issues relating to day-to-day affairs and problems, and to take such steps as may be deemed necessary for the smooth functioning of the Bank. All routine matters other than the strategic matters and review of policies other than strategic policies like Credit Policy, Investment Policy and other policies, which the COD may consider necessary or RBI may specifically require to be reviewed by the Board.

Meetings and Attendance during the year:

12 meetings of the Committee of Directors were held during the year on 18 April 2009, 14 May 2009, 19 June 2009, 13 July 2009, 20 August 2009, 25 September 2009, 16 October 2009, 24 November 2009, 18 December 2009, 16 January 2010, 16 February 2010, and 24 March 2010. Shri N. C. Singhal attended all the twelve meetings. Shri M. V. Subbiah attended nine meetings. Dr. R. H. Patil attended eight meetings. Smt. Shikha Sharma attended nine out of ten meetings for which she was eligible. Shri M. M. Agrawal attended the two meetings for which he was eligible. Shri Ramesh Ramanathan attended one out of the two meetings for which he was eligible. Dr. P. J. Nayak and Shri A. T. Pannir Selvam attended the one meeting for which they were eligible.

b) Audit Committee

The Audit Committee functions with the following main objectives:

i. To provide direction and to oversee the operation of the audit functions in the Bank.
ii. To review the internal audit and inspection systems with special emphasis on their quality and effectiveness.
iii. To review inspection and concurrent audit reports of large branches with a focus on all major areas of housekeeping, particularly inter-branch adjustment accounts, arrears in the balancing of the books and un-reconciled entries in inter-bank and Nostro accounts and frauds.
iv. To follow up issues raised in Long Form Audit Report and inspection reports of Reserve Bank of India.
v. To review the system of appointment and remuneration of concurrent auditors and external auditors.
vi. To recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
vii. To review the performance of statutory and internal auditors, and adequacy of the internal control systems.
viii. To oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
ix. To review the annual financial statements and to recommend their adoption to the Board, with particular reference to disclosure of any related party transactions.
x. To review the quarterly financial statements and recommend their adoption to the Board.
xi. To review the functioning of the Whistle Blower Mechanism, and
xii. To carry out any other function as is mentioned in the terms of reference of the Audit Committee.

As required under Section 292A and Clause 49 of the Listing Agreement, the new 'Terms of Reference' of the Committee were approved by the Board of Directors at its meeting held on 23.1.2001.

Meetings and Attendance during the year:

12 meetings of the Audit Committee of the Board were held during the year on 18 April 2009, 11 May 2009, 19 June 2009, 13 July 2009, 20 August 2009, 25 September 2009, 12 October 2009, 16 November 2009, 14 December 2009, 15 January 2010, 15 February 2010 and 24 March 2010. Shri N. C. Singhal attended all the 12 meetings. Shri R. B. L. Vaish attended eleven meetings. Dr. R. H. Patil attended seven meetings. Shri M. V. Subbiah attended five out of the ten meetings for which he was eligible and Shri Ramesh Ramanathan attended one out of the two meetings for which he was eligible.

c) Risk Management Committee

The Risk Management Committee functions with the following objectives:

i. To perform the role of Risk Management in pursuance of the Risk Management Guidelines issued periodically by RBI and Board, and
Ii. To monitor the business of the Bank periodically and also to suggest the ways and means to improve the working and profitability of the Bank from time to time.

Meetings and Attendance during the year:

4 meetings of the Risk Management Committee were held during the year on 19 June 2009, 13 July 2009, 12 October 2009 and 15 January 2010. Shri J. R. Varma attended all the four meetings. Smt. Shikha Sharma attended all the three meetings for which she was eligible and Shri Ramesh Ramanathan attended the two meetings for which he was eligible.

d) Shareholders/Investors Grievance Committee

The objective of the Shareholders/Investors Grievance Committee is to look into redressal of shareholders' and investors' grievances relating to non-receipt of dividend, refund orders, shares sent for transfer, non-receipt of balance sheet and other similar grievances.

Meetings and Attendance during the year:

Four meetings of the Shareholders/Investors Grievance Committee were held during the year on 20 April 2009, 13 July 2009, 12 October 2009 and 22 March 2010. Shri R. B. L. Vaish and Shri K. N. Prithviraj attended all the four meetings. Shri A. T. Pannir Selvam and Dr. Adarsh Kishore attended one meeting for which they were eligible.

At monthly intervals, the Bank sends to the members of the Committee, investors' service status reports giving brief details of the complaints received. Details of the status of the references/complaints received for the year are given in the following statement:

Status of the References/Complaints from 1.4.2009 to 31.3.2010

Sr. No.	Nature of Reference/Complaints	Received	Disposed Off	Pending
1.	Change of Address	466	466	-
2.	Bank Mandates	50	50	-
3.	ECS	348	348	-
4.	Nomination	107	107	-
5.	Non-receipt of Share Certificates	7	7	-
6.	Correction of names	44	44	-
7.	Stock Exchange queries	4	4	-
8.	NSDL/CDSL Queries	-	-	-
9.	SEBI	12	12	-
10.	Receipt of dividend warrant for revalidation	200	200	-
11.	Non-receipt of Dividend	560	560	-
12.	Transfers	621	599	22*

* Received in the last week of March 2010. Hence, processed during first week of April 2010

Shri P. J. Oza, Company Secretary, is the Compliance Officer for SEBI/Stock Exchange related issues.

e) Remuneration and Nomination Committee

The Remuneration Committee of the Board was reconstituted as the Remuneration and Nomination Committee w.e.f. 14 July 2004 and it functions with the following objectives:

i. To decide the overall remuneration policy of the Bank, the bonus pools for the staff as also the compensation package for Whole-time Directors on the Board and the Executive Directors.
ii. To be consulted on appointment of the Executive Directors in the Bank.
iii. To review the talent management and succession process to ensure business continuity.
iv. To undertake a process of due diligence to determine the suitability of any person for appointment/continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria, and
v. To recommend a process for composition and role of various Committees of the Board.

Meetings and Attendance during the year:

Eleven meetings of the Remuneration and Nomination Committee were held during the year on 9 April 2009, 16 April 2009, 14 May 2009, 13 July 2009, 20 July 2009, 4 August 2009, 24 September 2009, 12 October 2009, 14 January 2010, 21 January, 2010 and 22 March 2010. Shri N. C. Singhal and Smt. Rama Bijapurkar attended all the eleven meetings. Shri K. N. Prithviraj attended eight meetings. Dr. R. H. Patil attended six meetings.

Remuneration Policy

The Bank believes that to attract the right talent, the Remuneration Policy should be structured in line with other peer group banks, and be sensitive to compensation packages in this part of the financial market. Compensation is structured in terms of fixed pay, variable pay and employee stock options, with the last two being strongly contingent on employee performance. The Remuneration Policy for the Non-Executive Chairman, Managing Director and Chief Executive Officer and other Whole-Time Directors is similarly structured and approved by the Board of Directors, the shareholders and the Reserve Bank of India from time to time.

Remuneration of Directors

I. Dr. P. J. Nayak had been appointed as the Chairman and Managing Director of the Bank w.e.f. 1 January 2000 to 31 December 2004 and he had been thereafter reappointed as the Chairman and Managing Director of the Bank w.e.f. 1 January 2005 till 31 July 2007. Dr. Nayak had been reappointed as Chairman and Chief Executive Officer (Whole-Time Chairman) of the Bank for the period 1 August 2007 to 31 July 2009. Dr. P. J. Nayak decided to retire from the service of the Bank at the close of business hours on 20 April 2009.

   The details of remuneration paid to Dr. P. J. Nayak during the year under review are given in the table presented in sub-para V below.

   Dr. P. J. Nayak was granted 22,500, 36,600, 50,000, 65,000, 74,750, 56,060, 56,060, 28,030 and 50,000 options under the Employee Stock Option Plan, Grant I (24 February 2001), Grant II (28 February 2002), Grant III (6 May 2003), Grant IV (29 April 2004), Grant V (10 June 2005), Grant VI (17 April 2006), Grant VII (17 April 2007), Grant VIII (21 April 2008) and Grant IX (20 April 2009) respectively. From these nine tranches, 338,546 options were vested up to 20 April 2009, the last working day of Dr. P. J. Nayak, and out of these vested options, 235,768 options have been exercised by Dr. P. J. Nayak upto 20 April 2009. During the period 1 April 2009 to 20 April 2009, Dr. Nayak has not exercised any options under ESOP.

II. Smt. Shikha Sharma was appointed as the Managing Director and CEO of the Bank w.e.f. 1 June 2009, subject to approval of RBI and shareholders of the Bank. Her appointment as the Managing Director and CEO of the Bank and the remuneration payable to her as the Managing Director and CEO of the Bank was approved by the shareholders by way of postal ballot on 9 September 2009 and by RBI vide its letter dated 20 May 2009.

   The Bank has entered into a service agreement with Smt. Shikha Sharma for a period from 1 June 2009 to 31 May 2012.

   The details of remuneration paid to Smt. Shikha Sharma during the year under review are given in the table presented in sub-para V below.

   Smt. Shikha Sharma was granted 100,000 options under the Employee Stock Option Plan Grant IX B (13 July 2009). None of these options have vested till 31 March 2010.

III. Shri M. M. Agrawal was appointed as an Additional Director and the Deputy Managing Director (Designate) of the Bank w.e.f. 4 August 2009, subject to approval of Reserve Bank of India and the shareholders of the Bank. The approval of the shareholders to the appointment of Shri M. M. Agrawal as the Deputy Managing Director (Designate) as also to the payment of remuneration to him subject to approval of RBI, was obtained by way of postal ballot on 9 September 2009. Subsequently on advice of RBI, the Board had approved the revised salary payable to Shri M. M. Agrawal as Deputy Managing Director (Designate) at its meeting held on 15 January 2010. The shareholders of the Bank were also informed about the revision in salary made by the Board vide abstract of terms and memorandum of interest dated 15 January 2010. RBI, thereafter, vide its letter dated 11 February 2010 approved the appointment of Shri M. M. Agrawal as the Deputy Managing Director of the Bank as also the payment of remuneration to him with effect from 10 February 2010 (instead of 4 August 2009). The Board of Directors subsequently passed a resolution at its meeting held on 20 April 2010 and decided to revise the date of appointment of Shri M. M. Agrawal as an Additional Director as also the Deputy Managing Director to 10 February 2010 in accordance with the approval given by RBI. The term of Shri Agrawal is upto 31 August 2010, the last day of the month in which he reaches the age of superannuation.

The details of remuneration paid to Shri M. M. Agrawal during the year under review are given in the table presented in sub-para V below.

IV. The Specified Undertaking of the Unit Trust of India had vide it's letter dated 27 November 2009 nominated Dr. Adarsh Kishore as the Non-Executive Chairman of the Bank. The Board of Directors of the Bank has at its meeting held on 15 January 2010 appointed Dr. Adarsh Kishore as an Additional Director, subject to the approval of Reserve Bank of India, Government of India, the shareholders and such other approvals to the extent required. Dr. Adarsh Kishore was appointed as the Non-Executive Chairman of the Bank for a period of 3 years effective 15 January 2010 on the remuneration as set out in the resolution. RBI vide its letter dated 8 March 2010 approved the appointment of Dr. Adarsh Kishore as the Non-Executive Chairman of the Bank as also for the payment of remuneration to him with effect from 8 March 2010. The Board of Directors at its meeting held on 20 April 2010 subsequently confirmed the approval given by RBI to the appointment of Dr. Adarsh Kishore as the Non-Executive Chairman of the Bank for a period of three years from 8 March 2010 i.e. for the period 8 March 2010 to 7 March 2013.

The details of remuneration of Dr. Adarsh Kishore during 2009-10 for the period 8 March 2010 to 31 March 2010 are:

1. Salary of Rs. 77,419.
2. Expenses for maintenance of office Rs. 58,065.

The Board has also approved providing a furnished office including all equipments to Dr. Adarsh Kishore upto a total cost of Rs. 7.5 lacs (one-time expense).

The Bank has received RBI approval for payment of remuneration to Dr. Adarsh Kishore and has applied to the Central Government for its approval under the provisions of Section 309(4) of the Companies Act 1956, which is awaited. The approval of the shareholders is being sought in the ensuing Annual General Meeting to be held on 8 June 2010.

In accordance with the present regulations of RBI, the Bank grants no ESOPs to any Non-Executive Directors.

V. The details of remuneration paid to the Whole-Time Directors during 2009-10 are as under:

(In Rupees)

	Dr. P. J. Nayak	**Smt. Shikha Sharma**	**Shri. M. M. Agrawal**
For the Period	1.4.2009 to 20.4.2009	1.6.2009 to 31.3.2010	10.2.2010 to 31.3.2010
Salary	6,94,445	1,04,16,670	10,91,071
Fixed Allowance	Nil	Nil	2,09,821
Leave Fare Concession facility	8,00,000 (2008-09)	8,00,000	1,11,905
Personal Entertainment Allowance	25,000	Nil	Nil
HRA	Nil	40,00,000	Nil
Variable pay	31,25,000	Nil	Nil
Upkeep Allowance (1)	13,333	Nil	8,393
Provident Fund	@ 12% of pay with equal contribution by the Bank or as decided by the Board of Trustees from time to time	@ 12% of pay with equal contribution by the Bank or as decided by the Board of Trustees from time to time	@ 12% of pay with equal contribution by the Bank or as decided by the Board of Trustees from time to time

Gratuity	One month's salary for each completed year of service or part thereof	One month's salary for each completed year of service or part thereof	One month's salary for each completed year of service or part thereof.
Superannuation	10% of pay	10% of pay	10% of pay
Leave Encashment	3,297,501	Nil	Nil

(1) Upkeep Allowance paid towards upkeep of residential accommodation provided by the Bank

Perquisites (evaluated as per Income Tax Rules, wherever applicable, or otherwise at actual cost to the Bank) such as the benefit of the Bank's furnished accommodation, electricity, water and furnishings, club fees, personal accident insurance, loans, use of car and telephone at residence, medical reimbursement, travelling and halting allowances, newspapers and periodicals, and others were provided in accordance with the Rules of the Bank.

VI. All Directors of the Bank, except for Dr. P. J. Nayak, Smt. Shikha Sharma and Shri. M. M. Agrawal, were paid sitting fees of Rs. 20,000 for every meeting of the Board and also for every meeting of the Committees attended by them. Reimbursement of expenses, if any, for travel to and from the places of their residence to the venue of the meeting, lodging and boarding when attending the meeting, being on actual basis, is made directly by the Bank to the service providers. During the year, sitting fees of Rs. 3,640,000 was paid to the Directors of the Bank.

Sitting Fees

The details of sitting fees paid/payable to the Directors during the period from 1 April 2009 to 31 March 2010 are as follows:

Sr. No.	Name of Director	Sitting Fees (Rs.)
1.	P. J. Nayak	NIL
2.	N. C. Singhal	920,000
3.	A. T. Pannir Selvam	60,000
4.	J. R. Varma	260,000
5.	R. H. Patil	500,000
6.	Rama Bijapurkar	380,000
7.	R. B. L. Vaish	540,000
8.	M. V. Subbiah	400,000
9.	Ramesh Ramanathan	120,000
10.	K. N. Prithviraj	380,000
11.	Shikha Sharma	NIL
12.	M. M. Agrawal	NIL
13.	V. R. Kaundinya	20,000
14.	S. B. Mathur	20,000
15.	Adarsh Kishore	40,000
TOTAL		**3,640,000**

The details of shares of the Bank, held by the non-whole time Directors as on 31 March 2010 are set out in the following table:

Name of Director	No. of shares held
Shri R. B. L. Vaish	225 equity shares
Shri S. B. Mathur	200 equity shares

f) Special Committee of the Board of Directors for Monitoring of Large Value Frauds

The Special Committee of the Board of Directors for Monitoring of Large Value Frauds was constituted on 14 July 2004 and the Committee functions with the following objective:

To monitor and review all the frauds of Rs. 1 crore and above so as to:

i. Identify systematic lacunae, if any, which facilitated perpetration of the fraud and put in place measures to plug the same.
ii. Identify the reasons for delay in detection, if any, in reporting to top management of the Bank and RBI.
iii. Monitor progress of CBI/Police Investigation and recovery position.
iv. Ensure that staff accountability is examined at all levels in all cases of frauds and staff side action, if required, is completed quickly without loss of time.
v. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls, and
vi. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

Meetings and Attendance during the year:

Meetings are to be held whenever large value frauds occur, or as deemed necessary by the Committee. Three meetings of the Special Committee of the Board of Directors for Monitoring of Large Value Frauds were held during the year on 16 June 2009, 4 August 2009 and 16 January 2010. Shri N. C. Singhal attended all the three meetings. Dr. R. H. Patil attended two meetings. Smt. Shikha Sharma attended two meetings for which she was eligible.

g) Customer Service Committee

The Customer Service Committee was constituted on 14 October 2004 and the Committee functions with the following objectives:

i. Overseeing the functioning of the Adhoc Committee of the Bank which would also include compliance with the recommendations of the Committee on Procedures and Performance Audit on Public Services (CPPAPS) constituted by RBI under the Chairmanship of Dr. S. S. Tarapore, Former Deputy Governor of RBI.
ii. Strengthening the corporate governance structure in the Bank.
iii. Bringing about ongoing improvements in the quality of customer service provided by the Bank, and
iv. Mounting innovative measures towards enhancing the quality of customer service and improving the level of customer satisfaction for all categories of the Bank's clientele.

Meetings and Attendance during the year:

Four meetings of the Customer Service Committee were held during the year on 19 June 2009, 24 September 2009, 30 December 2009 and 26 March 2010. Shri J. R. Varma and Shri R. B. L. Vaish attended all the four meetings.

h) Committee of Whole-Time Directors

The Committee of Whole-Time Directors was constituted on 15 January 2010 and functions with the following objectives:

i. Allotment of shares under ESOP.
ii. Grant of Powers of Attorney.
iii. Issue of duplicate share certificates.
iv. Promotion of Officers upto the grade of Presidents, and
v. Any other routine administrative matters.

Meetings and Attendance during the year:

Two meetings of the Committee of Whole-Time Directors were held during the year on 16 February 2010 and 24 March 2010, after constitution of the Committee. Smt. Shikha Sharma and Shri M. M. Agrawal attended both the meetings.

i) Management Committee

Consequent to the retirement of Dr. P. J. Nayak as the Chairman and CEO of the Bank, the Board of Directors constituted a Management Committee on 20 April 2009, comprising of four Directors viz; Shri N. C. Singhal, Shri A. T. Pannir Selvam, Dr. R. H. Patil and Shri K. N. Prithviraj to provide required support, guidance and advice to the Executive Committee. Subsequently, Shri Ramesh Ramanathan was inducted as a member of this Committee in place of Shri A. T. Pannir Selvam who expired on 21 April 2009. The Executive Committee was also constituted by the Board comprising of four Executive Directors and the executive powers of the CEO were vested in this Committee.

The Management Committee held its meeting on 29 April 2009, which was attended by Shri N. C. Singhal and Shri K. N. Prithviraj. After Smt. Shikha Sharma joined the Bank on 1 June 2009, the executive powers were again vested in the Managing Director and CEO and accordingly, the functioning of the Management Committee of the Board and the Executive Committee came to an end. RBI was kept informed about the constitution of these two Committees as an interim arrangement and RBI had given its approval to the arrangement made by the Bank under Section 10B(9) of the Banking Regulation Act, 1949.

3. General Body Meetings

The last three Annual General Meetings were held as follows:

Annual General Meeting	Date and Day	Time	Location
13th	1.6.2007 - Friday	10.00 a.m.	Bhaikaka Bhavan, Ellisbridge, Ahmedabad - 380 006
14th	6.6.2008 - Friday	10.00 a.m.	Bhaikaka Bhavan, Ellisbridge, Ahmedabad - 380 006
15th	1.6.2009 - Monday	10.00 a.m.	Bhaikaka Bhavan, Ellisbridge, Ahmedabad - 380 006

The special resolutions passed during the last three Annual General Meetings/Postal Ballot were as under:

Annual General Meeting	Date of Annual General Meeting	Special Resolutions
13th	1.6.2007 - Friday	• Resolution No. 6 - Appointment of Statutory Auditors under Section 224A of the Companies Act, 1956. • Resolution No. 8 - Change of Name of Bank pursuant to Section 21 of the Companies Act, 1956. • Resolution No. 9 - Alteration of Articles of Association of the Bank pursuant to Section 31 of the Companies Act, 1956.
14th	6.6.2008 - Friday	• Resolution No. 6 - Appointment of Statutory Auditors under Section 224A of the Companies Act, 1956. • Resolution No. 9 - Approval of the shareholders of the Bank pursuant to Section 81 of the Companies Act, 1956 authorising the Board of Directors of the Bank to issue, offer, and allot equity stock options under the Employees Stock Option Scheme of the Bank.
15th	1.6.2009 - Monday	• Resolution No. 5 - Appointment of Statutory Auditors under Section 224A of the Companies Act, 1956. • Resolution No.7- Partial modification to the approval given by shareholders through postal ballot notice dated 9 January 2009 to the Articles of Association of the Company in respect of separation of the post of Chairman and CEO into the posts of i) Non-Executive Chairman and ii) Managing Director. The effective date of the alteration of Articles of Association changed to 1 June 2009 instead of 1 August 2009.
Resolution passed through Postal Ballot	Date of Scrutinizer's Report 9.9.2009	• Special Resolution for increasing the Number of Directors to Fifteen*. • Special Resolution for alteration of Articles 88 and 89(10) of the Articles of Association of the Bank in respect of increasing the number of Directors to fifteen and for alteration to the Articles of Association in respect of replacing the words 'Whole-time/Executive Director(s)' wherever appearing in Articles 118(2a), 118(3) and 118(4) of the Articles of Association, by the words 'Whole-time/Executive/Joint/ Deputy Managing Director(s)' **. • Special Resolution for Raising Tier I Capital ***.

*Resolution proposing the increase in the number of Directors to fifteen was passed through postal ballot. Shri Ashwin Lalbhai Shah, an Advocate of Gujarat High Court, who was appointed as Scrutinizer by the Bank, received a total of 1,384 numbers of ballots. Out of 1,384 ballots received by Shri Shah, 1,341 were valid ballots and 43 were invalid ballots. Out of 1,341 shareholders, 99.44% had assented for the Resolution.

**Resolution proposing the alteration to the Articles of Association was passed through postal ballot. Shri Ashwin Lalbhai Shah, an Advocate of Gujarat High Court who was appointed as Scrutinizer by the Bank, received a total of 1,384 numbers of ballots. Out of 1,384 ballots received by Shri Shah, 1,337 were valid ballots and 47 were invalid ballots. Out of 1,337 shareholders, 99.99% had assented for the Resolution.

***Resolution proposing Raising of Tier I capital was passed through postal ballot. Shri Ashwin Lalbhai Shah, an Advocate of Gujarat High Court who was appointed as Scrutinizer by the Bank, received a total of 1,384 numbers of ballots. Out of 1,384 ballots received by Shri Shah, 1,336 were valid ballots and 48 were invalid ballots. Out of 1,336 shareholders, 99.24% had assented for the Resolution.

No Resolution in the notice of the proposed Sixteenth Annual General Meeting is proposed to be passed by Postal Ballot.

4. Dividend History of Last Five Years

Sr. No.	Financial Year	Rate of Dividend	Date of Declaration (AGM)	Date of Payment (Date of Dividend Warrant)
1.	2004-05	28% (Rs. 2.80 per share)	10.6.2005	11.6.2005
2.	2005-06	35% (Rs. 3.50 per share)	2.6.2006	3.6.2006
3.	2006-07	45% (Rs. 4.50 per share)	1.6.2007	2.6.2007
4.	2007-08	60% (Rs. 6.00 per share)	6.6.2008	7.6.2008
5.	2008-09	100% (Rs. 10.00 per share)	1.6.2009	2.6.2009

Unclaimed Dividends:

All shareholders whose dividends are unpaid have been intimated individually to claim their dividends. Under the Transfer of Unclaimed Dividend Rules, it would not be possible to claim the dividend amount once deposited in Investors' Education & Protection Fund (IEPF). Shareholders are, therefore, again requested to claim their unpaid dividend, if not already claimed.

Transfer to Investor Protection Fund:

Pursuant to Section 205C of the Companies Act 1956, dividends that are unclaimed for a period of seven years get transferred to the Investors' Education and Protection Fund administered by the Central Government. Listed in the table below are the dates of dividend declaration since 2002-03 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government.

Year	Dividend-Type	Date of Declaration	Due Date of Transfer
2002-03	Final	25.6.2003	25.7.2010
2003-04	Final	18.6.2004	18.7.2011
2004-05	Final	10.6.2005	10.7.2012
2005-06	Final	2.6.2006	2.7.2013
2006-07	Final	1.6.2007	1.7.2014
2007-08	Final	6.6.2008	6.7.2015
2008-09	Final	1.6.2009	1.7.2016

5. Disclosures

- There were no transactions of a material nature undertaken by the Bank with its promoters, directors or the management, their subsidiaries or relatives that may have a potential conflict with the interests of the Bank.

- There are no instances of non-compliance by the Bank, penalties, and strictures imposed by Stock Exchanges and SEBI on any matter related to capital markets during the last three years.

- Whistleblower Policy: A central tenet in the Bank's Policy on Corporate Governance is commitment to ethics, integrity, accountability and transparency. To ensure that the highest standards are maintained in these aspects on an on-going basis and to provide safeguards to various stakeholders (including shareholders, depositors and employees) the Bank has formulated a 'Whistleblower Policy'. The Policy provides employees with the opportunity to address serious concerns arising from irregularities, malpractices and other misdemeanors committed by the Bank's personnel by approaching a Committee set up for the purpose (known as the Whistleblower Committee). In case the instances involve senior management, the Policy enables the Bank's staff to report the concerns directly to the Audit Committee of the Board. The Policy is intended to encourage employees to report suspected or actual occurrence of illegal, unethical or inappropriate actions, behaviors or practices by staff without fear of retribution. The employees use this Policy regularly as a tool to voice their concerns on irregularities, malpractices and other misdemeanors. It is hereby affirmed that the Bank has not denied personal access to the Audit Committee of the Board and that the policy contains provisions protecting Whistleblowers from unfair termination and other unfair prejudicial and employment practice. The Whistleblower Policy is required to be reviewed by the Audit Committee of the Board on regular intervals.

- The Bank has complied with the mandatory requirements regarding the Board of Directors, Audit Committees and other Board Committees and other disclosures as required under the provisions of the revised Clause 49 of the Listing Agreement effective 1 January 2006. The Bank has also complied with non-mandatory requirements like formation of Remuneration & Nomination Committee, sending summary of significant event like change of name and half-yearly results to each shareholder, the performance evaluation of all Directors under 'Fit & Proper' Criteria laid down by RBI and establishment of a Whistle Blower Policy.

- It is hereby affirmed that all members of the Board of Directors and Senior Management Personnel have complied with the code of conduct applicable to them during the year ended 31 March 2010.

6. Means of Communication

- Quarterly/Half-yearly results are communicated through newspaper advertisements, press releases and by posting information on the Bank's web site. Also, half-yearly results are forwarded to each shareholder through post along with a letter from Managing Director and Chief Executive Officer.

- The results are generally published in the Economic Times and Gujarat Samachar or Sandesh or Divya Bhaskar.

- Address of our official website is www.axisbank.com where the information is displayed.

- Generally, after the half-yearly and the annual results are approved by the Board, formal presentations are made to analysts by the management and the same is also placed on the Bank's website.

- The Management's Discussion and Analysis Report for the year 2009-10 is part of the Annual Report.

7. General Shareholder Information

- AGM: Date, time and venue - 8 June 2010 10.00 A.M. at Bhaikaka Bhavan (British Library Building), Near Law Garden, Ellisbridge, Ahmedabad - 380 006.

- Financial Year/ Calendar - 1 April 2010 to 31 March 2011. The meetings to consider quarterly results for the quarter ending June and September 2010 are proposed to be held during first half of July 2010 and October 2010. The meeting for the quarter ending December 2010 is proposed to be held during third week of January 2011. The meeting to consider audited annual accounts and Q4 results is proposed to be held during the second half of April 2011.

- Date of Book Closure - 24 May 2010 to 8 June 2010 (both days inclusive)

- Dividend Payment Date - on or after 9 June 2010

- The Bank's shares are listed on the following Stock Exchanges:

  i Bombay Stock Exchange Limited, P. J. Towers, Dalal Street, Mumbai - 400 001.

ii National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, "G" Block, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051.

Delisting from the Ahmedabad Stock Exchange

The Bank's equity shares were voluntarily delisted from the Ahmedabad Stock Exchange with effect from 17 August 2009 as there was no trading of the Bank's shares in this Stock Exchange and the only trading which took place for the last few years was that of a few shares in February 2000.

- The Bank's Global Depositary Receipts (GDRs) are listed and traded on the London Stock Exchange, 10 Paternoster Square, London EC4M 7LS, UK.

- **Stock Code**

LISTING DETAILS OF EQUITY SHARES

Sr. No.	Name of Stock Exchange	Distinctive Nos. of Shares	Listing/ Trading date	Stock Code
1.	**Bombay Stock Exchange Limited**			
	Upto Public Issue - 1998	1 to 131,903,170	19.11.1998 & 27.11.1998	532215
	46,350,000 equity shares	131,903,171 to 178,253,170	9.2.2002 & 20.2.2002	
	13,559,700 equity shares	178,253,171 to 191,812,870	31.5.2002 & 13.6.2002	
	38,362,834 equity shares	191,814,171 to 230,177,004	27.8.2003 & 28.8.2003	
	43,491,000 equity shares representing the underlying shares to the Global Depository Receipts (GDRs) to the Investors Overseas issued during March/April 2005	232,891,948 to 273,382,247 273,846,972 to 276,846,671	30.3.2005 & 8.4.2005 18.5.2005 & 27.5.2005	
	28,264,934 equity shares (QIP issue) during July 2007	282,649,780 to 310,914,713	27.7.2007 & 1.8.2007	
	14,132,466 equity shares representing the underlying shares to the Global Depository Receipts (GDRs) to the Investors Overseas issued during July 2007	310,914,714 to 325,047,179	10.8.2007 & 14.8.2007	
	30,695,129 equity shares (SUUTI/LIC/GIC/New India Assurance/United India Insurance/Oriental Insurance) during July 2007	325,047,180 to 355,742,308	16.8.2007 & 20.8.2007	
	33,044,500 equity shares (QIP issue) during September 2009	359,870,671 to 392,915,170	25.9.2009 & 30.9.2009	
	5,055,500 equity shares representing the underlying shares to the Global Depository Receipts (GDRs) to the Investors Overseas issued during September 2009	392,915,171 to 397,970,670	29.9.2009 & 1.10.2009	

	3,976,632 equity shares (LIC/New India Assurance) during September 2009	397,970,671 to 401,947,302	5.10.2009 & 9.10.2009	
	16,338,254 equity shares (ESOPs)	191,812,871 to 191,814,170 230,177,005 to 232,891,947 273,382,248 to 273,846,971 276,847,672 to 282,649,779 355,742,309 to 359,870,670 401,947,303 to 405,174,119	On various dates	
2.	**National Stock Exchange of India Limited**			
	Upto Public Issue - 1998	1 to 131,903,170	16.11.1998 & 3.12.1998	AXISBANKEQ
	46,350,000 equity shares	131,903,171 to 178,253,170	12.2.2002 & 20.2.2002	
	13,559,700 equity shares	178,253,171 to 191,812,870	27.5.2002 & 12.6.2002	
	38,362,834 equity shares	191,814,171 to 230,177,004	1.9.2003 & 3.9.2003	
	43,491,000 equity shares representing the underlying shares to the Global Depository Receipts (GDRs) to the Investors Overseas issued during March/April 2005	232,891,948 to 273,382,247 273,846,972 to 276,846,671	5.4.2005 & 12.4.2005 16.5.2005 & 23.5.2005	
	28,264,934 equity shares (QIP issue) during July 2007	282,649,780 to 310,914,713	27.7.2007 & 1.8.2007	
	14,132,466 equity shares representing the underlying shares to the Global Depository Receipts (GDRs) to the Investors Overseas issued during July 2007	310,914,714 to 325,047,179	10.8.2007 & 14.8.2007	
	30,695,129 equity shares (SUUTI/LIC/GIC/New India Assurance/United India Insurance/Oriental Insurance) during July 2007	325,047,180 to 355,742,308	14.8.2007 & 20.8.2007	
	33,044,500 equity shares (QIP issue) during September 2009	359,870,671 to 392,915,170	25.9.2009 & 30.9.2009	
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	3,976,632 equity shares (LIC/New India Assurance) during September 2009	397,970,671 to 401,947,302	7.10.2009 & 9.10.2009	
	16,338,254 equity shares (ESOPs)	191,812,871 to 191,814,170 230,177,005 to 232,891,947 273,382,248 to 273,846,971 276,847,672 to 282,649,779 355,742,309 to 359,870,670 401,947,303 to 405,174,119	On various dates	

The annual fees for 2010-11 have been paid to all the Stock Exchanges where the shares are listed.

ISIN Number	:	INE 238A01026	
Name of Depositories	:	i.	National Securities Depository Limited
		ii.	Central Depository Services (India) Limited

LISTING DETAILS OF GLOBAL DEPOSITARY RECEIPTS (GDRs)

Sr. No.	Name of Stock Exchange	Listing/Trading date	Code
1.	**London Stock Exchange**		
	40,490,300 GDRs	16.3.2005 & 22.3.2005	US05462W1099
	3,000,700 GDRs	25.4.2005 & 26.4.2005	
2.	14,132,466 GDRs	30.7.2007	US05462W1099
3.	5,055,500 GDRs	28.9.2009	US05462W1099

- Market Price Data: The price of the Bank's Share - High, Low during each month in the last financial year on NSE was as under:

MONTH	HIGH (Rs.)	LOW (Rs.)
April 2009	570.00	400.10
May 2009	818.00	572.10
June 2009	900.00	662.15
July 2009	974.40	707.10
August 2009	938.90	796.90
September 2009	996.40	881.00
October 2009	1,042.00	899.95
November 2009	1,037.95	887.60
December 2009	1,064.00	915.80
January 2010	1,177.70	965.15
February 2010	1,137.00	995.10
March 2010	1,215.00	1,045.00

- The share price of the Bank's equity share has performed well on the stock exchange with a low of Rs. 400.10 during April 2009 on the National Stock Exchange. It touched a high of Rs. 1,215.00 during March 2010. It showed a 203.67% appreciation between the low of April 2009 and high of March 2010.
- The high and low closing prices of the Bank's GDRs traded during 2009-10 on the London Stock Exchange are given below:

MONTH	HIGH (USD)	LOW (USD)
April 2009	10.80	8.00
May 2009	16.00	10.70
June 2009	18.00	14.50
July 2009	19.80	14.70
August 2009	19.70	16.40
September 2009	20.40	17.75
October 2009	22.40	18.00
November 2009	22.45	18.80
December 2009	22.60	19.11
January 2010	24.23	20.55
February 2010	25.37	21.20
March 2010	26.85	23.50

- **Registrar and Share Transfer Agent:**
  M/s. Karvy Computershare Private Limited
  Unit : Axis Bank Limited
  Plot No. 17 to 24, Vithalrao Nagar
  Madhapur, Hyderabad 500 081
  Phone No. 040-23420815 to 23420824
  Fax No. 040-23420814
  email: einward.ris@karvy.com
  Contact Persons: Shri V. K. Jayaraman, GM (RIS)/Ms. Varalakshmi, Sr. Manager (RIS)

- **Share Transfer System**

A Share Committee comprising the Deputy Managing Director, President (Law) and the Company Secretary of the Bank has been formed looking after the matters relating to the transfer of shares, issue of duplicate share certificates in lieu of mutilated share certificates, and other related matters. The resolutions passed by the Share Committee are confirmed at subsequent Board meetings. The Bank's Registrar and Share Transfer Agent, M/s Karvy Computershare Pvt. Limited, Hyderabad looks after the work relating to transfers.

The Bank ensures that all transfers are effected within a period of one month from the date of their lodgment. As at 31 March 2010, share transfers received a few days earlier, were transferred in the first week of April 2010.

According to a notification of the Securities and Exchange Board of India (SEBI), the equity shares of the Bank are to be traded compulsorily in Demat form by all investors w.e.f. 21 March 2000. The Bank has already entered into agreements with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) so as to provide the members an opportunity to hold and trade shares of the Bank in electronic form.

The number of equity shares of Axis Bank transferred /processed during the last three years (excluding electronic transfer of shares in dematerialised form) is given below:

	2007-08	**2008-09**	**2009-10**
Number of transfer deeds	1,081	670	599
Number of shares transferred	1,61,413	1,17,925	43,000

As required under Clause 47(c) of the listing agreements entered into by Axis Bank with stock exchanges, a certificate is obtained every six months from a practicing Company Secretary, with regard to, *inter alia*, effecting transfer, transmission, sub-division, and consolidation, of equity shares within one month of their lodgment. The certificates are forwarded to BSE and NSE where the Bank's equity shares are listed and also placed before the Shareholders/Investors Grievance Committee.

In terms of SEBI circular no. D&CC/FITTC/CIR-16 dated 31 December 2002, a Secretarial Audit is conducted on a quarterly basis by a practicing Company Secretary, for the purpose of, *inter alia,* reconciliation of the total admitted equity share capital with the depositories and in the physical form with the total issued/paid-up equity capital of Axis Bank. Certificates issued in this regard are placed before the Shareholders/Investors Grievance Committee and forwarded to BSE and NSE, where the equity shares of Axis Bank are listed.

Shareholders of Axis Bank with more than one per cent holding as on 31 March 2010

Name of the Shareholder	**No. of Shares**	**% to Total No. of Shares**
Administrator of the Specified Undertaking of the Unit Trust of India (UTI - I) (SUUTI)	97,224,373	24.00
Life Insurance Corporation of India	41,627,561	10.27
The Bank of New York - As Depositary for the Equity Shares Representing the Underlying Shares to the Global Depositary Receipts (GDRs) issued to the Investors Overseas - FDI Route	33,899,480	8.37
HSBC Financial Services (Middle East) Limited A/C HSBC IRIS Investments (Mauritius) Limited	19,609,210	4.84

Orient Global Cinnamon Capital Limited	19,023,040	4.70
ICICI Prudential Life Insurance Company Limited	18,743,341	4.63
General Insurance Corporation of India	7,862,331	1.94
Deutsche Securities Mauritius Limited	6,982,901	1.72
The New India Assurance Company Limited	4,252,455	1.05

- **Distribution of shareholding as on 31st March 2010**

Total nominal value Rs.	:	**4,051,741,190**
Nominal value of each equity share	:	**Rs.10**
Total number of equity shares	:	**405,174,119**
Distinctive numbers from	:	**1 to 405,174,119**

Shareholding of Nominal Value		**Shareholders**		**Share Amount Nominal Value**	
Rs.	**Rs.**	**Numbers**	**% to total Shareholders**	**In Rs.**	**% to total Capital**
Up to	5,000	99,947	94.31	87,274,580	2.15
5,001	10,000	3,244	3.06	23,779,160	0.59
10,001	20,000	1,160	1.09	16,754,990	0.41
20,001	30,000	367	0.35	8,967,300	0.22
30,001	40,000	190	0.18	6,671,890	0.16
40,001	50,000	136	0.13	6,208,720	0.15
50,001	100,000	223	0.21	16,197,400	0.40
100,001	Above	715	0.67	3,885,887,150	95.92
TOTAL		**105,982**	**100.00**	**4,051,741,190**	**100.00%**

As on 31 March 2010, out of the total equity shares of the Bank, 402,510,519 shares representing 99.34% of total shares have been dematerialised.

- The Bank has issued in the course of an international offering to the investors overseas, securities linked to 43,491,000 ordinary shares in the form of Global Depositary Receipts (GDRs) during March/April 2005, 14,132,466 ordinary shares in the form of GDRs during July 2007 and 5,055,500 ordinary shares in the form of GDRs during September 2009. The GDRs have been listed and traded on the London Stock Exchange. The Bank has simultaneously issued 43,491,000, 14,132,466 and 5,055,500 equity shares representing the underlying shares to the Global Depositary Receipts (GDRs) to the investors overseas. The underlying equity shares have been listed and permitted to be traded on the NSE and BSE. The numbers of outstanding GDRs as on 31 March 2010 were 33,899,480.

- The Bank has not issued any ADRs/Warrants or any other convertible instruments, the conversion of which will have an impact on equity shares.

- Bank's presence in centres - Given elsewhere

- Address for Correspondence:
  The Company Secretary
  Axis Bank Limited
  Registered Office
  'Trishul', 3rd Floor,
  Opp. Samartheshwar Temple,
  Law Garden,
  Ellisbridge, Ahmedabad 380 006
  Phone No. : 079-26409322
  Fax No. : 079-26409321
  Email : p.oza@axisbank.com/rajendra.swaminarayan@axisbank.com

Auditors' Report on the Consolidated Financial Statements of Axis Bank Limited and its Subsidiaries

To
The Board of Directors
Axis Bank Limited

1. We have audited the attached consolidated balance sheet of Axis Bank Limited and its subsidiaries ('the Group') as at 31 March 2010, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of Axis Bank Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of 2 subsidiaries whose financial statements reflects total assets of Rs. 49.44 crores as at 31 March 2010, total revenue of Rs. 17.08 crores and cash flow amounting to Rs. 3.47 crores for the year then ended. The financial statements and other financial information of these subsidiaries have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on the report of other auditors.

4. We report that the consolidated financial statements have been prepared by Axis Bank Limited's management in accordance with the requirements of Accounting Standard 21 Consolidated Financial Statements notified by Companies (Accounting Standard) Rules, 2006, (as amended).

5. Based on our audit and on consideration of report of other auditor on separate financial statement and on the consideration of the un-audited financial statements and on the other financial information of the components, and to the best of our information and according to explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   i. in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31 March 2010;
   ii. in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
   iii. in the case of the consolidated cash flow statement, the cash flows for the year ended on that date.

For S.R. Batliboi & Co.
Firm Registration No.: 301003E
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.:048749

Place: Mumbai
Date: 20 April 2010

AXIS BANK LIMITED GROUP - BALANCE SHEET

CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2010

CAPITAL AND LIABILITIES	Schedule No.	As on 31-03-2010 *(Rs. in Thousands)*	As on 31-03-2009 *(Rs. in Thousands)*
Capital	1	**4,051,741**	3,590,051
Reserves & Surplus	2	**155,837,646**	98,354,893
Employees' Stock Options Outstanding (Net)	17 (5.18)	**1,734**	12,111
Deposits	3	**1,412,786,587**	1,173,576,561
Borrowings	4	**171,695,512**	155,198,710
Other Liabilities and Provisions	5	**61,493,489**	46,239,280
TOTAL		**1,805,866,709**	1,476,971,606
ASSETS			
Cash and Balances with Reserve Bank of India	6	**94,738,769**	94,192,126
Balances with Banks and Money at Call and Short Notice	7	**57,345,431**	56,001,854
Investments	8	**558,765,456**	462,717,514
Advances	9	**1,043,431,188**	815,567,658
Fixed Assets	10	**12,359,927**	10,823,858
Other Assets	11	**39,225,938**	37,668,596
TOTAL		**1,805,866,709**	1,476,971,606
Contingent liabilities	12	**3,182,054,692**	2,092,603,166
Bills for collection		**192,928,684**	139,573,115
Significant Accounting Policies and Notes to accounts	17 & 18		

Schedules referred to above form an integral part of the Consolidated Balance Sheet

As per our report of even date
For S. R. Batliboi & Co.
Firm Registration No.: 301003E
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.: 048749

For Axis Bank Ltd.

Adarsh Kishore
Chairman

R. H. Patil
Director

N. C. Singhal
Director

Shikha Sharma
Managing Director & CEO

P. J. Oza
Company Secretary

Somnath Sengupta
Executive Director & CFO

R. B. L. Vaish
Director

M. M. Agrawal
Deputy Managing Director

Date : 20 April 2010
Place: Mumbai

AXIS BANK LIMITED GROUP - PROFIT & LOSS ACCOUNT

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

		Schedule No.	Year ended 31-03-2010 *(Rs. in Thousands)*	Year ended 31-03-2009 *(Rs. in Thousands)*
I	**INCOME**			
	Interest earned	13	**116,390,540**	108,291,132
	Other income	14	**39,642,116**	29,159,294
	TOTAL		**156,032,656**	137,450,426
II	**EXPENDITURE**			
	Interest expended	15	**66,326,317**	71,489,232
	Operating expenses	16	**37,623,901**	28,737,962
	Provisions and contingencies	18 (2.1.1)	**27,301,025**	19,093,913
	TOTAL		**131,251,243**	119,321,107
III	**CONSOLIDATED NET PROFIT ATTRIBUTABLE TO GROUP**		**24,781,413**	18,129,319
	Balance in Profit & Loss Account brought forward from previous year		**23,289,540**	15,372,012
IV	**AMOUNT AVAILABLE FOR APPROPRIATION**		**48,070,953**	33,501,331
V	**APPROPRIATIONS :**			
	Transfer to Statutory Reserve		**6,286,333**	4,538,396
	Transfer to Investment Reserve		**148,750**	622
	Transfer to Capital Reserve		**2,239,176**	1,467,231
	Transfer to General Reserve		**5,622**	383
	Proposed dividend (includes tax on dividend)	18 (2.1.6)	**5,674,734**	4,205,159
	Balance in Profit & Loss Account carried forward		**33,716,338**	23,289,540
	TOTAL		**48,070,953**	33,501,331
VI	**EARNINGS PER EQUITY SHARE**	18 (2.1.4)		
	(Face value Rs. 10/- per share) (Rupees)			
	Basic		**64.83**	50.54
	Diluted		**63.38**	50.21
	Significant Accounting Policies and Notes to accounts	17 & 18		
	Schedules referred to above form an integral part of the Consolidated Profit and Loss Account			

As per our report of even date
For S. R. Batliboi & Co.
Firm Registration No.: 301003E
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.: 048749

For Axis Bank Ltd.

Adarsh Kishore
Chairman

R. H. Patil
Director

N. C. Singhal
Director

Shikha Sharma
Managing Director & CEO

P. J. Oza
Company Secretary

Somnath Sengupta
Executive Director & CFO

R. B. L. Vaish
Director

M. M. Agrawal
Deputy Managing Director

Date : 20 April 2010
Place: Mumbai

AXIS BANK LIMITED GROUP - CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	Year ended 31-03-2010 *(Rs. In Thousands)*	Year ended 31-03-2009 *(Rs. In Thousands)*
Cash flow from operating activities		
Net profit before taxes	**38,190,521**	27,826,404
Adjustments for:		
Depreciation on fixed assets	**2,378,717**	1,902,177
Depreciation on investments	**(222,333)**	1,078,002
Amortisation of premium on Held to Maturity investments	**829,739**	927,742
Provision for Non Performing Advances/Investments (including bad debts)	**13,570,445**	7,322,127
General provision on securitised assets	**-**	(6,437)
Provision on standard assets	**(9,100)**	1,055,000
Provision for loss in present value for agricultural assets	**-**	6,900
Provision for wealth tax	**3,483**	2,883
Loss on sale of fixed assets	**44,859**	82,016
Provision for country risk	**(15,300)**	3,500
Contingent provision against derivatives	**-**	(719,733)
Provision for restructured assets	**564,722**	654,586
Amortisation of deferred employee compensation	**(230)**	(2,510)
	55,335,523	40,132,657
Adjustments for:		
(Increase)/Decrease in investments	**(50,022,781)**	(35,356,100)
(Increase)/Decrease in advances	**(241,808,777)**	(227,736,073)
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt and upper Tier II instruments)	**(1,717,478)**	45,614,357
Increase /(Decrease) in deposits	**239,210,026**	297,383,111
(Increase)/Decrease in other assets	**99,359**	(8,418,397)
Increase/(Decrease) in other liabilities & provisions	**13,780,002**	2,814,475
Direct taxes paid	**(15,069,292)**	(11,077,113)
Net cash flow from operating activities	**(193,418)**	103,356,917
Cash flow from investing activities		
Purchase of fixed assets	**(4,149,325)**	(3,883,299)
(Increase)/Decrease in Held to Maturity Investments	**(46,793,087)**	(91,764,560)
Proceeds from sale of fixed assets	**189,680**	399,910
Net cash used in investing activities	**(50,752,732)**	(95,247,949)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	Year ended 31-03-2010 *(Rs. In Thousands)*	Year ended 31-03-2009 *(Rs. In Thousands)*
Cash flow from financing activities		
Proceeds from issue of Subordinated debt, Perpetual debt and Upper Tier II instruments (net of repayment)	**18,214,280**	19,050,630
Proceeds from issue of share capital	**461,690**	12,954
Proceeds from share premium (net of share issue expenses)	**38,570,041**	375,614
Payment of dividend	**(4,205,528)**	(2,515,993)
Net cash generated from financing activities	**53,040,483**	16,923,205
Effect of exchange fluctuation translation reserve	**(204,113)**	106,610
Net increase in cash and cash equivalents	**1,890,220**	25,138,783
Cash and cash equivalents at the beginning of the year	**150,193,980**	125,055,197
Cash and cash equivalents at the end of the year	**152,084,200**	150,193,980

Note :

1. Cash and cash equivalents comprise of cash on hand & in ATM, balances with Reserve Bank of India, balances with banks and money at call & short notice (refer schedule 6 and 7 of the Balance Sheet)

As per our report of even date
For S. R. Batliboi & Co.
Firm Registration No.: 301003E
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.: 048749

For Axis Bank Ltd.

Adarsh Kishore
Chairman

R. H. Patil
Director

N. C. Singhal
Director

Shikha Sharma
Managing Director & CEO

P. J. Oza
Company Secretary

Somnath Sengupta
Executive Director & CFO

R. B. L. Vaish
Director

M. M. Agrawal
Deputy Managing Director

Date : 20 April 2010
Place: Mumbai

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2010

	As on 31-03-2010 *(Rs. in Thousands)*	As on 31-03-2009 *(Rs. in Thousands)*
SCHEDULE 1 - CAPITAL		
Authorised Capital		
500,000,000 Equity Shares of Rs.10/- each. (Previous year - 500,000,000 Equity shares of Rs.10/- each)	**5,000,000**	5,000,000
Issued, Subscribed and Paid-up capital 405,174,119 Equity Shares of Rs.10/- each fully paid up (Previous year - 359,005,118 Equity Shares of Rs.10/- each fully paid-up) [Included above are 33,899,480 GDRs (previous year 27,847,621) representing 33,899,480 equity shares (previous year 27,847,621)]	**4,051,741**	3,590,051

	As on 31-03-2010 *(Rs. in Thousands)*	As on 31-03-2009 *(Rs. in Thousands)*
SCHEDULE 2 - RESERVES AND SURPLUS		
I **Statutory Reserve**		
Opening Balance	**13,062,790**	8,524,394
Additions during the year	**6,286,333**	4,538,396
	19,349,123	13,062,790
II. **Share Premium Account**		
Opening Balance	**59,115,068**	58,732,207
Additions during the year	**39,064,364**	382,861
Less: Share issue expenses	**(484,177)**	-
	97,695,255	59,115,068
III. **Investment Reserve Account**		
Opening Balance	**622**	-
Additions during the year	**149,372**	622
Less: Deductions during the year	**(622)**	-
	149,372	622
IV. **General Reserve**		
Opening Balance	**143,383**	143,000
Additions during the year	**5,622**	383
	149,005	143,383
V. **Capital Reserve**		
Opening Balance	**2,619,129**	1,151,898
Additions during the year	**2,239,176**	1,467,231
	4,858,305	2,619,129
VI. **Foreign Currency Translation Reserve [refer 17 (5.5)]**		
Opening Balance	**124,361**	17,751
Additions during the year	**(204,113)**	106,610
	(79,752)	124,361
VII. **Balance in Profit & Loss Account**	**33,716,338**	23,289,540
TOTAL	**155,837,646**	98,354,893

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2010

			As on 31-03-2010 *(Rs. in Thousands)*	As on 31-03-2009 *(Rs. in Thousands)*
SCHEDULE 3 - DEPOSITS				
A.	I.	Demand Deposits		
		(i) From banks	**13,564,428**	13,315,583
		(ii) From others	**308,058,575**	234,770,497
	II.	Savings Bank Deposits	**338,617,974**	258,221,163
	III.	Term Deposits		
		(i) From banks	**41,073,459**	55,641,822
		(ii) From others	**711,472,151**	611,627,496
	TOTAL		**1,412,786,587**	1,173,576,561
B.	I.	Deposits of branches in India	**1,371,598,967**	1,149,329,633
	II.	Deposits of branches outside India	**41,187,620**	24,246,928
	TOTAL		**1,412,786,587**	1,173,576,561

			As on 31-03-2010	As on 31-03-2009
SCHEDULE 4 - BORROWINGS				
	I.	Borrowings in India		
		(i) Reserve Bank of India	**-**	10,795,500
		(ii) Other Banks #	**4,534,500**	8,973,500
		(iii) Other institutions & agencies **	**69,317,373**	50,726,037
	II.	Borrowings outside India $	**97,843,639**	84,703,673
	TOTAL		**171,695,512**	155,198,710
	Secured borrowing included in I & II above		**-**	-

Borrowings from other Banks include Subordinated Debt of Rs. 384.45 crores (previous year Rs. 456.35 crores) in the nature of Non-Convertible Debentures, Rs. 5.00 crores (previous year Rs.14.00 crores) of Perpetual Debt and Rs. 64.00 crores (previous year Rs. 127.00 crores) of Upper Tier II instruments [Also refer 18 (2.1.2) & 18 (2.1.3)]

** Borrowings from other institutions & agencies include Subordinated debt of Rs. 5,101.85 crores (previous year Rs. 3,059.95 crores) in the nature of Non-Convertible Debentures, Rs. 209.00 crores (previous year Rs. 200.00 crores) of Perpetual Debt and Rs. 243.50 crores (previous year Rs. 180.50 crores) of Upper Tier II instruments [Also refer 18 (2.1.2) & 18 (2.1.3)]

$ Borrowings outside India include Rs. 206.54 crores (previous year Rs. 233.31 crores) of Perpetual Debt and Rs. 941.48 crores (previous year Rs. 1,063.28 crores) of Upper Tier II instruments [Also refer 18 (2.1.3)]

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2010

		As on 31-03-2010 *(Rs. in Thousands)*	As on 31-03-2009 *(Rs. in Thousands)*
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I.	Bills payable	**29,104,011**	19,367,738
II.	Inter - office adjustments (net)	**-**	-
III.	Interest accrued	**3,480,104**	2,385,801
IV.	Proposed dividend (includes tax on dividend)	**5,669,386**	4,200,180
V.	Contingent provision against standard assets	**4,635,083**	4,644,183
VI.	Others (including provisions)	**18,604,905**	15,641,378
TOTAL		**61,493,489**	46,239,280

		As on 31-03-2010 *(Rs. in Thousands)*	As on 31-03-2009 *(Rs. in Thousands)*
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I.	Cash in hand & in ATM (including foreign currency notes)	**19,007,024**	15,414,834
II.	Balances with Reserve Bank of India :		
	(i) in Current Account	**75,731,745**	78,777,292
	(ii) in Other Accounts	**-**	-
TOTAL		**94,738,769**	94,192,126

		As on 31-03-2010 *(Rs. in Thousands)*	As on 31-03-2009 *(Rs. in Thousands)*
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I.	In India		
	(i) Balance with Banks		
	(a) in Current Accounts	**7,916,215**	5,406,390
	(b) in Other Deposit Accounts	**34,539,480**	38,788,703
	(ii) Money at Call and Short Notice		
	(a) With Banks	**-**	-
	(b) With Other Institutions	**-**	-
TOTAL		**42,455,695**	44,195,093
II.	Outside India		
	i) in Current Accounts	**9,078,381**	8,528,776
	ii) in Other Deposit Accounts	**5,811,355**	1,369,440
	iii) Money at Call & Short Notice	**-**	1,908,545
TOTAL		**14,889,736**	**11,806,761**
GRAND TOTAL	**(I+II)**	**57,345,431**	56,001,854

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2010

	As on 31-03-2010 *(Rs. in Thousands)*	As on 31-03-2009 *(Rs. in Thousands)*
SCHEDULE 8 - INVESTMENTS		
I. **Investments in India in -**		
(i) Government Securities ## **	**341,958,753**	284,181,598
(ii) Other approved securities	**-**	-
(iii) Shares	**5,295,991**	4,201,220
(iv) Debentures and Bonds	**138,232,582**	133,797,129
(v) Investment in Joint ventures	**390,000**	390,000
(vi) Others @ (Mutual Fund units, CD / CP, NABARD deposits, PTC etc.)	**66,104,055**	32,261,438
Total Investments in India	**551,981,381**	454,831,385
II. **Investments outside India in -**		
(i) Government Securities (including local authorities)	**-**	-
(ii) Subsidiaries and / or joint ventures abroad	**-**	-
(iii) Others	**6,784,075**	7,886,129
Total Investments outside India	**6,784,075**	7,886,129
GRAND TOTAL (I + II)	**558,765,456**	462,717,514

@ Includes deposits with NABARD Rs. 3,002.70 crores (previous year Rs.1,979.86 crores) and PTC's Rs. 351.28 crores (previous year Rs. 943.95 crores)

Includes securities costing Rs. 4,237.60 crores (previous year Rs. 6,839.95 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

** Net of Repo borrowing of Rs.Nil under the Liquidity Adjustment Facility (previous year Rs. 840.96 crores) in line with Reserve Bank of India requirements

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2010

			As on 31-03-2010 (Rs. in Thousands)	As on 31-03-2009 (Rs. in Thousands)
SCHEDULE 9 - ADVANCES				
A.	(i)	Bills purchased and discounted	**34,500,593**	24,652,642
	(ii)	Cash credits, overdrafts and loans repayable on demand	**260,135,632**	213,670,689
	(iii)	Term loans	**748,794,963**	577,244,327
	TOTAL		**1,043,431,188**	815,567,658
B.	(i)	Secured by tangible assets $	**865,783,657**	696,011,074
	(ii)	Covered by Bank/Government Guarantees &&	**16,367,294**	9,928,378
	(iii)	Unsecured	**161,280,237**	109,628,206
	TOTAL		**1,043,431,188**	815,567,658
C.	I.	Advances in India		
		(i) Priority Sector	**299,404,189**	229,490,443
		(ii) Public Sector	**32,047,307**	1,581,621
		(iii) Banks	**3,825,615**	185,060
		(iv) Others	**584,845,979**	482,648,243
	TOTAL		**920,123,090**	713,905,367
	II.	Advances Outside India		
		(i) Due from banks	**332,996**	683,233
		(ii) Due from others -		
		(a) Bills purchased and discounted	**4,316,262**	3,801,598
		(b) Syndicated loans	**63,702,125**	30,906,157
		(c) Others	**54,956,715**	66,271,303
	TOTAL		**123,308,098**	101,662,291
	GRAND TOTAL	**[C I + C II]**	**1,043,431,188**	815,567,658

$ Includes advances against book debts

&& Includes advances against L/Cs issued by banks

Advances are net of floating provision, which has been adjusted based on management estimate

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2010

		As on 31-03-2010 *(Rs. in Thousands)*	As on 31-03-2009 *(Rs. in Thousands)*
SCHEDULE 10 - FIXED ASSETS			
I.	Premises		
	At cost at the beginning of the year	**891,351**	500,322
	Additions during the year	**-**	391,029
	Deductions during the year	**-**	-
	Depreciation to date	**(161,989)**	(117,421)
	TOTAL	**729,362**	773,930
II.	Other fixed assets (including furniture & fixtures)		
	At cost at the beginning of the year	**16,650,447**	12,691,189
	Additions during the year	**4,150,646**	4,201,907
	Deductions during the year	**(416,402)**	(242,649)
	Depreciation to date	**(9,327,953)**	(7,175,660)
	TOTAL	**11,056,738**	9,474,787
III.	Assets on Lease		
	At cost at the beginning of the year	**-**	765,000
	Additions during the year	**-**	-
	Deductions during the year	**-**	(765,000)
	Depreciation to date	**-**	-
	TOTAL	**-**	-
		11,786,100	10,248,717
IV.	CAPITAL WORK-IN-PROGRESS (including capital advances)	**573,827**	575,141
	GRAND TOTAL (I+II+III+IV)	**12,359,927**	10,823,858
SCHEDULE 11 - OTHER ASSETS			
I.	Inter-office adjustments (net)	**-**	-
II.	Interest Accrued	**12,771,048**	13,218,832
III.	Tax paid in advance/tax deducted at source (Net of Provisions)	**688,237**	575,106
IV.	Stationery and stamps	**9,698**	8,585
V.	Non banking assets acquired in satisfaction of claims	-	-
VI.	Others #	**25,756,955**	23,866,073
	TOTAL	**39,225,938**	37,668,596

\# Includes deferred tax assets of Rs. 611.39 crores (previous year Rs. 457.03 crores)

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2010

		As on 31-03-2010 *(Rs. in Thousands)*	As on 31-03-2009 *(Rs. in Thousands)*
SCHEDULE 12 - CONTINGENT LIABILITIES			
I.	Claims against the group not acknowledged as debts	**1,953,649**	1,649,897
II.	Liability for partly paid investments	**-**	-
III.	Liability on account of outstanding forward exchange and derivative contracts :		
	a) Forward Contracts	**1,265,355,295**	829,419,114
	b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	**1,317,574,459**	804,211,129
	c) Foreign Currency Options	**56,162,649**	84,620,825
	TOTAL	**2,639,092,403**	1,718,251,068
IV.	Guarantees given on behalf of constituents		
	In India	**332,315,553**	180,725,134
	Outside India	**41,767,220**	20,085,413
V.	Acceptances, endorsements and other obligations	**164,634,485**	159,487,271
VI.	Other items for which the Group is contingently liable	**2,291,382**	12,404,383
	TOTAL	**3,182,054,692**	2,092,603,166

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

		YEAR ENDED 31-03-2010 *(Rs. in Thousands)*	YEAR ENDED 31-03-2009 *(Rs. in Thousands)*
SCHEDULE 13 - INTEREST EARNED			
I.	Interest/discount on advances/bills	**79,866,039**	74,593,564
II.	Income on investments	**34,283,084**	30,515,035
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	**1,200,049**	2,101,900
IV.	Others	**1,041,368**	1,080,633
	TOTAL	**116,390,540**	108,291,132

		YEAR ENDED 31-03-2010 *(Rs. in Thousands)*	YEAR ENDED 31-03-2009 *(Rs. in Thousands)*
SCHEDULE 14 - OTHER INCOME			
I.	Commission, exchange and brokerage	**25,845,538**	21,858,696
II.	Profit/(Loss) on sale of Investments/ Derivative transactions (net)	**7,144,863**	2,950,764
III.	Profit/(Loss) on sale of fixed assets (net)	**(44,859)**	(82,016)
IV.	Profit on exchange transactions (net)	**4,680,956**	3,595,036
V.	Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	**-**	-
VI.	Lease rentals	**-**	20,647
VII.	Miscellaneous Income [including recoveries on account of advances/investments/derivative receivables written off in earlier years Rs.174.43 crores (previous year Rs. 62.95 crores) and profit on account of portfolio sell downs/securitisation Rs. 22.45 crores (previous year Rs. 16.81 crores)]	**2,015,618**	816,167
	TOTAL	**39,642,116**	29,159,294

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

		YEAR ENDED 31-03-2010 *(Rs. in Thousands)*	YEAR ENDED 31-03-2009 *(Rs. in Thousands)*
SCHEDULE 15 - INTEREST EXPENDED			
I.	Interest on deposits	**57,136,277**	62,085,646
II.	Interest on Reserve Bank of India / Inter-bank borrowings	**1,493,647**	2,852,820
III.	Others @	**7,696,393**	6,550,766
	TOTAL	**66,326,317**	71,489,232

@ Including interest on repos & subordinated debt

SCHEDULE 16 - OPERATING EXPENSES			
I.	Payments to and provisions for employees	**13,597,865**	10,677,613
II.	Rent, taxes and lighting	**5,059,547**	3,767,672
III.	Printing and stationery	**836,241**	755,962
IV.	Advertisement and publicity	**472,694**	463,177
V.	Depreciation on bank's property	**2,378,717**	1,902,177
VI.	Directors' fees, allowance and expenses	**6,249**	7,510
VII.	Auditor's fees and expenses	**12,188**	9,138
VIII.	Law charges	**148,154**	108,568
IX.	Postage, telegrams, telephones, etc.	**1,776,975**	1,527,980
X.	Repairs and maintenance	**3,043,758**	2,246,958
XI.	Insurance	**1,415,518**	1,137,711
XII.	Other expenditure	**8,875,995**	6,133,496
	TOTAL	**37,623,901**	28,737,962

17 Significant accounting policies for the year ended 31 March 2010

(Currency: In Indian Rupees)

1 Principles of Consolidation

The consolidated financial statements comprise the financial statements of Axis Bank Limited ('the Bank') and its subsidiaries, which together constitute 'the Group'.

The Bank consolidates its subsidiaries in accordance with AS 21, Consolidated Financial Statements and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006, (as amended) on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure. All significant inter-company accounts and transactions are eliminated on consolidation.

2 Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting, unless otherwise stated, and comply with generally accepted accounting principles, statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006, (as amended) to the extent applicable and current practices prevailing within the banking industry in India.

The consolidated financial statements present the accounts of Axis Bank Limited with its following subsidiaries:

Name	Country of Incorporation	Ownership Interest
Axis Securities and Sales Ltd.*	India	100.00%
Axis Private Equity Ltd.	India	100.00%
Axis Trustee Services Ltd.	India	100.00%
Axis Mutual Fund Trustee Ltd.	India	100.00%
Axis Asset Management Company Ltd.	India	100.00%

* the name of the company was changed from Axis Sales Ltd. to Axis Securities and Sales Ltd. with effect from 5 April 2010

The audited financial statements of the above subsidiaries have been drawn up to the same reporting date as that of the Bank, i.e. 31 March 2010.

The Bank has made investment in a corporate entity wherein it holds more than 25% of the equity shares of that company. Such investment does not fall within the definition of a joint venture as per AS 27, Financial Reporting of Interest in Joint Ventures, issued by the Institute of Chartered Accountants of India, and the said accounting standard is thus not applicable.

3 Use of estimates

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires 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 date of the financial statements. Actual results could differ from those estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognized prospectively in the current and future periods.

4 Changes in accounting policies

Axis Bank Ltd.

4.1 Change in recognition of Bank Guarantee commission income

During the current financial year, the Bank has changed its policy to recognize commission income on guarantees issued by it. Against the earlier practice of recognizing the commission income on guarantees upfront when due (except in the case of deferred payment guarantees), the Bank now recognizes the income on a pro-rata basis over the period of the guarantee. As a result of the aforesaid change in policy, other income for the year is lower by Rs. 136.52 crores with a corresponding increase in other liabilities.

4.2 Change in estimated useful life of fixed assets

During the year, the Bank has revised the estimated useful life of Closed Circuit Television Camera (CCTV) equipments from 10 years to 3 years. As a result of the aforesaid revision, the depreciation charge for the year is higher by Rs. 4.37 crores with a corresponding decrease in the net block of fixed assets.

5 Significant accounting policies

5.1 Investments

Group

Classification

In accordance with the RBI guidelines, investments are classified at the date of purchase as:

- Held for Trading ('HFT');
- Available for Sale ('AFS'); and
- Held to Maturity ('HTM').

Investments that are held principally for sale within a short period are classified as HFT securities. As per RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities as on that date.

Investments that the Bank intends to hold till maturity are classified under HTM category.

Investments not exceeding 25% of total investments, which the Bank intends to hold till maturity, are classified as HTM securities. As permitted by RBI, the Bank may exceed the limit of 25% of total investments provided the excess comprises of only those securities which are eligible for complying with the Statutory Liquidity Ratio ('SLR') i.e. SLR securities and the total SLR securities held in HTM category are not more than 25% of its demand and time liabilities as on the effective date. The effective date means the last Friday of the second preceding fortnight for computation of the aforesaid limit. In computing the investment ceiling for HTM portfolio for the aforesaid purpose, debentures and bonds, which are deemed to be in the nature of advances and investments in subsidiaries and joint ventures are excluded.

All other investments are classified as AFS securities.

However, for disclosure in the balance sheet, investments in India are classified under six categories - Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Joint Ventures and Others.

Investments made outside India are classified under three categories - Government Securities, Joint Ventures abroad and Others.

Transfer of security between categories

Transfer of security between categories of investments is accounted as per RBI guidelines.

Valuation

Investments classified under the HTM category are carried at acquisition cost. Any premium on acquisition over face value is amortized on a constant yield to maturity basis over the remaining period to maturity.

Investments classified under the AFS and HFT category are marked to market. The market/fair value for the purpose of periodical valuation of quoted investments included in the 'Available for Sale' and 'Held for Trading' categories is the market price of the scrip as available from the trades/quotes on the stock exchanges, SGL account transactions, price list of RBI or prices declared by Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association of India, periodically. Net depreciation, if any, within each category of investments is recognized in the profit and loss account. The net appreciation, if any, under each category is ignored, except to the extent of depreciation previously provided. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.

Units of mutual funds are valued at the latest repurchase price/net asset value declared by the mutual fund.

Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:

- market value of unquoted Government securities is derived based on the Prices/Yield to Maturity ('YTM') rate for Government securities of equivalent maturity as notified by Fixed Income Money Market and Derivatives Association of India ('FIMMDA') jointly with the Primary Dealers Association of India ('PDAI') at periodic intervals;
- in case of Central Government Securities, which do not qualify for SLR requirement, the market price is derived by adding the appropriate mark up to the Base Yield Curve of Central Government Securities as notified by FIMMDA;
- market value of unquoted State Government securities is derived by adding the appropriate mark up above the Base Yield Curve of the Central Government Securities of equivalent maturity as notified by the FIMMDA/PDAI at periodic intervals;
- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly, the market price is derived based on the YTM for Government securities as notified by FIMMDA/PDAI and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA is adopted for this purpose;
- in case of preference shares where dividend is not received regularly, the price derived on the basis of YTM is discounted in accordance with the RBI guidelines;
- in case of bonds and debentures where interest is not received regularly, the valuation is in accordance with prudential norms for provisioning as prescribed by RBI; and
- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest balance sheet (which is not more than one year prior to the date of valuation). In case the latest balance sheet is not available, the shares are valued at Re 1 per company.

Investments in joint ventures are categorized as HTM in accordance with RBI guidelines.

Realized gains on investments under HTM category are recognized in the profit and loss account and subsequently appropriated to capital reserve account in accordance with RBI guidelines. Losses are recognized in the profit and loss account.

Repurchase and reverse repurchase transactions

Repurchase and reverse repurchase transactions are accounted as outright sale and outright purchase respectively. The difference between the clean price of the first leg and clean price of the second leg is recognized as interest expense/ income over the period of the transaction. However, depreciation in their value, if any, compared to their original cost, is recognized in the profit and loss account.

5.2 Advances

Axis Bank Ltd.

Advances are classified into performing and non-performing advances ('NPAs') as per RBI guidelines and are stated net of specific provisions made towards NPAs. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by RBI with the exception for agriculture advances and schematic retail advances. In respect of schematic retail advances, provisions are made in terms of a bucket-wise policy upon reaching specified stages of delinquency (90 days or more of delinquency) under each type of loan, which satisfies the RBI prudential norms on provisioning. Provisions in respect of agriculture advances classified into sub-standard and doubtful assets are made at rates which are higher than those prescribed by RBI.

Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines. NPAs are identified by periodic appraisals of the loan portfolio by management.

For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by RBI, which requires the diminution in the fair value of the assets be provided at the time of restructuring.

A general provision @ 0.25% in case of direct advances to agricultural and SME sectors, 1.00% in respect of advances classified as commercial real estate and 0.40% for all other advances is made as prescribed by RBI, against provision ranging between 0.25% to 2.00% as prescribed hitherto. However, the excess provision held as of 14 November 2008, is not reversed as per RBI guidelines.

5.3 Country risk

Axis Bank Ltd.

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorized into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure.

5.4 Securtization

Axis Bank Ltd.

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle ('SPV'). In most cases, post securtization, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by subordination of cash flows to Senior Pass Through Certificate ('PTC') holders. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS 29, Provisions, contingent liabilities and contingent assets.

Gain on securtization transaction is recognized over the period of the underlying securities issued by the SPV. Loss on securtization is immediately debited to profit and loss account.

5.5 Foreign currency transactions

Axis Bank Ltd.

In respect of domestic operations, transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at the balance sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year end revaluations are recognized in the profit and loss account.

Financial statements of foreign branches classified as non-integral foreign operations are translated as follows:

- Assets and liabilities (both monetary and non-monetary as well as contingent liabilities) are translated at closing rates notified by FEDAI at the year end.
- Income and expenses are translated at the rates prevailing on the date of the transactions.
- All resulting exchange differences are accumulated in a separate 'Foreign Currency Translation Reserve' till the disposal of the net investments.

Outstanding forward exchange contracts (excluding currency swaps undertaken to hedge foreign currency assets/liabilities and funding swaps which are not revalued) and spot exchange contracts are revalued at year end exchange rates notified by FEDAI. The resulting gains or losses on revaluation are included in the profit and loss account in accordance with RBI/FEDAI guidelines. The forward exchange contract of longer maturities where exchange rates are not notified by FEDAI are revalued at the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognized in the profit and loss account.

Premium/discount on currency swaps undertaken to hedge foreign currency assets and liabilities and funding swaps is recognized as interest income/expense and is amortized on a pro-rata basis over the underlying swap period.

Contingent liabilities on account of foreign exchange contracts/options, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

Axis Private Equity Ltd.

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognized in the profit and loss account of the period.

Axis Asset Management Company Ltd.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at the closing rate on that date. The exchange differences, if any, either on settlement or translation are recognized in Profit and Loss Account.

5.6 Derivative transactions

Axis Bank Ltd.

Derivative transactions comprise of swaps and options, which are disclosed as contingent liabilities. The swaps/options are segregated as trading or hedge transactions. Trading swaps/options are revalued at the balance sheet date with the resulting unrealized gain or loss being recognized in the profit and loss account and correspondingly in other assets or other liabilities respectively. Hedged swaps are accounted for as per RBI guidelines. Pursuant to RBI guidelines any receivables under derivatives contracts, which remains overdue for more than 90 days, are reversed through profit and loss account and are held in a separate suspense account.

5.7 Revenue recognition

Axis Bank Ltd.

Interest income is recognized on an accrual basis except interest income on non-performing assets, which is recognized on receipt.

Fees and commission income is recognized when due, except for guarantee commission which is recognized on a pro-rata basis over the period of the guarantee.

Dividend is accounted on an accrual basis when the right to receive the dividend is established.

Gain/loss on sell down of loans and advances through direct assignment is recognized at the time of sale.

Axis Securities and Sales Ltd.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest Income on fixed deposits is recognized on an accrual basis. Fee income is recognised on the basis of accrual when all the services are performed. Other fee income is recognised based on the proportionate completion method.

Axis Trustee Services Ltd.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Trusteeship fees are recognized, on a straight line basis, over the period when services are performed. Initial acceptance fee is recognized as and when the 'Offer letter' for the services to be rendered is accepted by the customer.

Interest income on fixed deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Axis Asset Management Company Ltd.

Management fee is recognised at specific rates, applied on the average daily net assets of each scheme. The fees charged are in accordance with the terms of offer documents of respective schemes and are in line with the provisions of SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.

Portfolio Management Fees are recognized on an accrual basis as per the terms of the contract with the customers.

Income from sale of Investments is determined on weighted average basis and recognized on the trade date basis.

Axis Mutual Fund Trustee Ltd.

Trustee fee is recognized on accrual basis, at the specific rates approved by the Board within the limits specified under the Deed of trust, and is applied on the net assets of each scheme of Axis Mutual Fund.

5.8 Scheme expenses

Axis Asset Management Company Ltd.

Recurring scheme expenses

Expenses of schemes of Axis Mutual Fund in excess of the stipulated limits are required to be borne by the Company, in accordance with the requirements of SEBI (Mutual Fund) Regulations, 1996, and as such, are charged to the Profit and Loss Account.

New fund offer expenses

Expenses relating to new fund offer of Axis Mutual Fund are charged to Profit and Loss Account in the year in which they are incurred in accordance with the requirements of SEBI (Mutual Fund) Regulations, 1996.

5.9 Fund raising expenses

Axis Private Equity Ltd.

The Company has been following the practice of recovering expenses incurred towards fund raising on behalf of Axis Infrastructure Fund, as per the practice followed in the private equity industry. Such expenses are recovered from the fund after the fund raising exercise is completed and fund is established.

5.10 Fixed assets and depreciation

Group

Fixed assets are carried at cost of acquisition less accumulated depreciation less impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.

Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Depreciation (including on assets given on operating lease) is provided on the straight-line method from the date of addition. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then depreciation is provided at a higher rate based on management's estimate of the useful life/remaining useful life. Pursuant to this policy, depreciation has been provided using the following estimated useful lives:

Asset	Estimated useful life
Owned premises	20 years
Assets given on operating lease	20 years
Computer hardware	3 years
Application software	5 years
Vehicles	4 years
EPABX, telephone instruments	8 years
CCTV	3 years
Mobile phone	2 years
Locker cabinets/cash safe/strong room door	16 years
Assets at staff residence	5 years
All other fixed assets	10 years

All fixed assets individually costing less than Rs. 5,000 are fully depreciated in the year of installation.

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

The carrying amounts of assets are reviewed at each balance sheet date to ascertain if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

5.11 Lease transactions

Axis Bank Ltd.

Assets given on operating lease are capitalized at cost. Rentals received by the Bank are recognized in the profit and loss account on accrual basis.

Group

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

5.12 Retirement and other employee benefits

Group

Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the fund are due. There are no other obligations other than the contribution payable to the trust.

Axis Bank Ltd.

Gratuity

The Bank contributes towards gratuity fund (defined benefit retirement plan) administered jointly by the Life Insurance Corporation of India ('LIC') and Metlife Insurance Company Limited ('Metlife') for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although LIC/Metlife administer the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Bank. Liability with regard to gratuity fund is accrued based on actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year.

Leave Encashment

Short term compensated absences are provided for based on estimates. The Bank provides leave encashment benefit (long term), which is a defined benefit scheme based on actuarial valuation as at the balance sheet date conducted by an independent actuary. The actuarial valuation is carried out as per the Projected Unit Credit Method as at 31 March each year.

Superannuation

Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme either under a cash-out option through salary or under a defined contribution plan. Through the defined contribution plan the Bank contributes annually a specified sum of 10% of the employee's eligible annual basic salary to LIC, which undertakes to pay the lumpsum and annuity benefit payments pursuant to the scheme. Superannuation contributions are recognized in the profit and loss account in the period in which they accrue.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

Axis Securities and Sales Ltd. and Axis Asset Management Company Ltd.

Gratuity

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 the end of each financial year.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

Axis Trustee Services Ltd.

Gratuity

Gratuity liability is accrued and provided for in accordance with Payment of Gratuity Act, 1972.

Axis Securities and Sales Ltd.

Leave Encashment

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done, at the end of each financial year, using the Projected Unit Credit Method.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

5.13 Debit/Credit card reward points

Axis Bank Ltd.

The Bank estimates the probable redemption of debit and credit card reward points using an actuarial method at balance sheet date by employing an independent actuary. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

5.14 Taxation

Group

Income tax expense is the aggregate amount of current tax, deferred tax and fringe benefit tax charge. Current year taxes and fringe benefit tax are determined in accordance with the Income tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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 tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The impact of changes in the deferred tax assets and liabilities is recognized in the profit and loss account.

Deferred tax assets are recognized and reassessed at each reporting date, based upon management's judgement as to whether realization is considered as reasonably certain. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax asset can be realized against future profits.

5.15 Share issue expenses

Axis Bank Ltd.

Share issue expenses are adjusted from share premium account.

5.16 Earnings per share

Group

The Group reports basic and diluted earnings per share in accordance with AS 20, Earnings per Share, Accounting Standard notified by the Companies (Accounting Standards) Rules, 2006. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.

5.17 Cash and cash equivalents

Group

Cash and cash equivalents include cash on hand and in ATM, balances with Reserve Bank of India, balances with other banks and money at call and short notice.

5.18 Employee stock option scheme

Axis Bank Ltd.

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Bank follows the intrinsic value method to account for its stock based employee compensation plans as per the Guidance Note on 'Accounting for Employee Share-based Payments' issued by the ICAI. Options are granted at an exercise price, which is equal to/less than the fair market price of the underlying equity shares. The excess of such fair market price over the exercise price of the options as at the grant date is recognized as a deferred compensation cost and amortized on a straight-line basis over the vesting period of such options.

The fair market price is the latest available closing price, prior to the date of grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

5.19 Provisions, contingent liabilities and contingent assets

Group

A provision is recognized when the Group has a present obligation as a result of past event where 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non occurrence of one or more uncertain future events not within the control of the Group; or
- a present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

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.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

18 Notes forming part of the consolidated financial statements for the year ended 31 March 2010

(Currency : In Indian Rupees)

1 Share Capital

During the year ended 31 March 2010, the Bank raised additional equity capital in the form of 5,055,500 Global Depository Receipts (GDRs) (each GDR representing 1 underlying equity share of Rs. 10/- each), at a price of US$ 18.90 per GDR. The Bank also undertook a Qualified Institutional Placement (QIP) of 33,044,500 shares and a preferential allotment of 3,976,632 shares at a price of Rs. 906.70 per share. As a consequence, the paid-up share capital of the Bank has increased by Rs. 42.08 crores and the reserves of the Bank have increased by Rs. 3,725.64 crores after charging of issue related expenses.

The funds mobilized from the equity raising (through GDR, QIP and Preferential issue) were utilized for enhancing the capital adequacy ratio and for general corporate purposes.

The Bank has incurred expenses of Rs. 42.84 crores towards payment of commission to the lead managers in connection with the capital issue, which exceeds the limit prescribed under Section 13 of the Banking Regulation Act, 1949 and has adjusted this amount against the Share Premium account. The Bank has sought approval from the Reserve Bank of India to pay the excess amount to the lead managers.

2 Other Disclosures

2.1.1 'Provisions and contingencies' recognized in the profit and loss account include:

(Rs. in crores)

For the year ended	31 March 2010	31 March 2009
Provision for income tax		
- Current tax for the year	**1,495.27**	1,096.01
- Deferred tax for the year	**(154.36)**	(137.98)
Provision for fringe benefit tax	**-**	11.68
	1,340.91	969.71
Provision for wealth tax	**0.35**	0.28
Provision for non performing advances & investments (including bad debts written off and write backs)	**1,357.04**	732.21
Provision for restructured assets	**56.47**	65.46
Provision for loss in present value for agricultural assets	-	0.69
Provision towards standard assets	**(0.91)**	105.50
Provision for depreciation in value of investments	**(22.23)**	107.80
Provision for securtized assets	**-**	(0.64)
Contingent provision against derivatives	**-**	(71.97)
Provision for country risk	**(1.53)**	0.35
Total	**2,730.10**	1,909.39

2.1.2 During the year ended 31 March 2010, the Bank raised subordinated debt of Rs. 2,000.00 crores, the details of which are set out below:

Date of allotment	Period	Coupon	Amount
16 June 2009	120 months	9.15%	Rs. 2,000.00 crores

During the year ended 31 March 2009, the Bank raised subordinated debt of Rs. 1,700.00 crores, the details of which are set out below:

Date of allotment	Period	Coupon	Amount
7 November 2008	120 months	11.75%	Rs. 1,500.00 crores
28 March 2009	120 months	9.95%	Rs. 200.00 crores

During the year ended 31 March 2010, the Bank redeemed subordinated debt of Rs. 30.00 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
26 April 2009	69 months	6.50%	Rs. 30.00 crores

During the year ended 31 March 2009, the Bank redeemed subordinated debt of Rs. 66.10 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
20 June 2008	69 months	8.80%	Rs. 33.00 crores
21 September 2008	69 months	8.40%	Rs. 33.10 crores

2.1.3 The Bank has not raised any hybrid capital during the year ended 31 March 2010 and year ended 31 March 2009.

2.1.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

As at	31 March 2010	31 March 2009
Basic and Diluted earnings for the year (Net profit after tax) (Rs. in crores)	**2,478.14**	1,812.93
Basic weighted average no. of shares (in crores)	**38.23**	35.87
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	**0.87**	0.24
Diluted weighted average no. of shares (in crores)	**39.10**	36.11
Basic EPS (Rs.)	**64.83**	50.54
Diluted EPS (Rs.)	**63.38**	50.21
Nominal value of shares (Rs.)	**10.00**	10.00

Dilution of equity is on account of 8,708,581 stock options (previous year 2,388,519).

2.1.5 Employee Stock Options Scheme ('the Scheme')

In February 2001, pursuant to the approval of the shareholders at the Extraordinary General Meeting, the Bank approved an Employee Stock Option Scheme. Under the Scheme, the Bank is authorized to issue upto 13,000,000 equity shares to eligible employees. Eligible employees are granted an option to purchase shares subject to vesting conditions. The options vest in a graded manner over 3 years. The options can be exercised within 3 years from the date of the vesting. Further, in June 2004, June 2006 and June 2008, pursuant to the approval of the shareholders at Annual General Meeting, the Bank approved an ESOP scheme for additional 10,000,000, 4,800,000 and 7,970,000 options respectively.

29,293,700 options have been granted under the Scheme till the previous year ended 31 March 2009.

On 20 April 2009, the Bank granted 4,263,990 stock options (each option representing entitlement to one equity share of the Bank) to its employees and the ex-Chairman & CEO. These options can be exercised at a price of Rs. 503.25 per option. Further, on 13 July 2009 and 7 September 2009, the Bank also granted 100,000 and 50,000 stock options (each option representing entitlement to one equity share of the Bank) to the Managing Director & CEO and an employee respectively (on joining the Bank). These options can be exercised at a price of Rs. 738.25 and Rs. 907.25 per option respectively.

Stock option activity under the Scheme for the year ended 31 March 2010 is set out below:

	Options outstanding	Range of exercise prices (Rs.)	Weighted Average exercise price (Rs.)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	13,852,974	39.77 to 824.40	459.87	2.95
Granted during the year	4,413,990	503.25 to 907.25	513.15	-
Forfeited during the year	(252,757)	97.62 to 824.40	356.51	-
Expired during the year	(24,320)	39.77 to 232.10	212.48	-
Exercised during the year	(4,092,369)	39.77 to 824.40	330.99	-
Outstanding at the end of the year	**13,897,518**	**97.62 to 907.25**	**514.27**	**2.87**
Exercisable at the end of the year	5,599,878	97.62 to 824.40	434.75	1.58

The weighted average share price in respect of options exercised during the year was Rs. 964.16.

Stock option activity under the Scheme for the year ended 31 March 2009 is set out below:

	Options outstanding	Range of exercise prices (Rs.)	Weighted Average exercise price (Rs.)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	12,794,268	39.77 to 468.90	367.55	3.57
Granted during the year	2,677,355	824.40	824.40	-
Forfeited during the year	(322,805)	232.10 to 824.40	466.76	-
Expired during the year	(395)	97.62	97.62	-
Exercised during the year	(1,295,449)	39.77 to 468.90	299.95	-
Outstanding at the end of the year	**13,852,974**	**39.77 to 824.40**	**459.87**	**2.95**
Exercisable at the end of the year	5,616,088	39.77 to 824.40	320.20	1.86

The weighted average share price in respect of options exercised during the year was Rs. 765.54.

Fair Value Methodology

Applying the fair value based method in Guidance Note on 'Accounting for Employee Share-based Payments' the impact on reported net profit and EPS would be as follows:

	31 March 2010	31 March 2009
Net Profit (as reported) (Rs. in crores)	**2,478.14**	1,812.93
Add : Stock based employee compensation expense included in net income (Rs. in crores)	**-**	-
Less : Stock based employee compensation expense determined under fair value based method (proforma) (Rs. in crores)	**(92.75)**	(86.30)
Net Profit (Proforma) (Rs. in crores)	**2,385.39**	1,726.63

	31 March 2010	31 March 2009
Earnings per share: Basic (in Rs.)		
As reported	**64.83**	50.54
Proforma	**62.40**	48.13
Earnings per share: Diluted (in Rs.)		
As reported	**63.38**	50.21
Proforma	**61.01**	47.82

The fair value of the options is estimated on the date of the grant using the Black-Scholes options pricing model, with the following assumptions:

	31 March 2010	31 March 2009
Dividend yield	**1.32%**	1.22%
Expected life	**2-4 years**	2-4 years
Risk free interest rate	**3.87% to 6.80 %**	7.96% to 8.01%
Volatility	**54.00% to 67.11%**	45.65% to 48.63%

Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes options pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered.

The weighted average fair value of options granted during the year ended 31 March 2010 is Rs. 205.72 (previous year Rs. 310.26).

2.1.6 Dividend paid on shares issued on exercise of stock options

The Bank may allot shares between the balance sheet date and record date for the declaration of dividend pursuant to the exercise of any employee stock options. These shares will be eligible for full dividend for the year ended 31 March 2010, if approved at the ensuing Annual General Meeting. Dividend relating to these shares has not been recorded in the current year.

Appropriation to proposed dividend during the year ended 31 March 2010 includes dividend of Rs. 0.51 crores (previous year Rs. 0.50 crores) paid pursuant to exercise of 436,489 employee stock options after the previous year end and record date for declaration of dividend for the year ended 31 March 2009.

2.1.7 Segmental reporting

The business of the Bank is divided into four segments: Treasury, Retail Banking, Corporate/Wholesale Banking, and Other Banking Business. These segments have been identified and based on RBI's revised guidelines on Segment Reporting issued on 18 April 2007 vide Circular No. DBOD.No. BP.BC. 81/21.04.018/2006-07. The principal activities of these segments are as under:

Segment	Principal Activities
Treasury	Treasury operations include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the proprietary account and for customers and central funding.
Retail Banking	Constitutes lending to individuals/small businesses subject to the orientation, product and granularity criterion and also includes low value individual exposures not exceeding the threshold limit of Rs. 5 crores as defined by RBI. Retail Banking activities also include liability products, card services, internet banking, ATM services, depository, financial advisory services and NRI services.
Corporate / Wholesale Banking	Includes corporate relationships not included under Retail Banking, corporate advisory services, placements and syndication, management of public issue, project appraisals, capital market related services and cash management services.
Other Banking Business	All banking transactions not covered under any of the above three segments.

Revenues of the Treasury segment primarily consist of fees and gains or losses from trading operations and interest income on the investment portfolio. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses.

Revenues of the Corporate/Wholesale Banking segment consist of interest and fees earned on loans given to customers falling under this segment and fees arising from transaction services and merchant banking activities such as syndication and debenture trusteeship. Revenues of the Retail Banking segment are derived from interest earned on loans classified under this segment and fees for banking and advisory services, ATM interchange fees and cards products. Expenses of the Corporate/Wholesale Banking and Retail Banking segments primarily comprise interest expense on deposits and funds borrowed from other internal segments, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment income includes earnings from external customers and from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Inter segment interest income and interest expense represent the transfer price received from and paid to the Central Funding Unit (CFU) respectively. For this purpose, the funds transfer pricing mechanism presently followed by the Bank, which is based on historical matched maturity and market-linked benchmarks, has been used. Operating expenses other than those directly attributable to segments are allocated to the segments based on an activity-based costing methodology. All activities in the Bank are segregated segment-wise and allocated to the respective segment.

Geographical segment disclosure is not required to be made since the operations from foreign branches are less than the prescribed norms.

Segmental results are set out below:

(Rs. in crores)

	31 March 2010				
	Treasury	**Corporate/ Wholesale Banking**	**Retail Banking**	**Other Banking Business**	**Total**
Segment Revenue					
Gross interest income (external customers)	3,651.47	4,966.71	3,020.87	-	11,639.05
Other income	1,316.62	1,550.91	1,100.17	(3.49)	3,964.21
Total income as per profit and loss account	**4,968.09**	**6,517.62**	**4,121.04**	**(3.49)**	**15,603.26**
Add/(less) inter segment interest income	13,864.92	1,401.42	3,831.38	-	19,097.72
Total segment revenue	**18,833.01**	**7,919.04**	**7,952.42**	**(3.49)**	**34,700.98**
Less: Interest expense (external customers)	4,227.93	-	2,404.70	-	6,632.63
Less: Inter segment interest expenses	13,271.39	3,976.06	1,850.27	-	19,097.72
Less: Operating expenses	349.33	923.20	2,489.86	-	3,762.39
Less: Unallocated expenses					-
Operating profit	**984.36**	**3,019.78**	**1,207.59**	**(3.49)**	**5,208.24**
Less: Provision for non-performing assets/Others	(4.15)	626.09	766.90	0.35	1,389.19
Segment result	**988.51**	**2,393.69**	**440.69**	**(3.84)**	**3,819.05**
Less: Provision for Tax					1,340.91
Extraordinary profit/loss					-
Net Profit					**2,478.14**
Segment assets	72,165.91	68,181.14	37,711.46	2,528.16	180,586.67
Unallocated assets					-
Total assets					**180,586.67**
Segment liabilities	71,937.20	35,553.24	55,997.18	1,110.11	164,597.73
Unallocated liabilities					-
Total liabilities					**164,597.73**
Net assets	**228.71**	**32,627.90**	**(18,285.72)**	**1,418.05**	**15,988.94**
Fixed assets additions during the year				415.06	415.06
Depreciation on fixed assets during the year				237.87	237.87

(Rs. in crores)

	31 March 2009				
	Treasury	**Corporate/ Wholesale Banking**	**Retail Banking**	**Other Banking Business**	**Total**
Segment Revenue					
Gross interest income (external customers)	3,363.21	4,796.24	2,669.66	-	10,829.11
Other income	748.18	1,207.30	965.85	(5.40)	2,915.93
Total income as per profit and loss account	**4,111.39**	**6,003.54**	**3,635.51**	**(5.40)**	**13,745.04**
Add/(less) inter segment interest income	16,179.32	1,276.60	3,040.00	-	20,495.92
Total segment revenue	**20,290.71**	**7,280.14**	**6,675.51**	**(5.40)**	**34,240.96**
Less: Interest expense (external customers)	5,331.07	1.42	1,816.43	-	7,148.92
Less: Inter segment interest expenses	13,735.11	4,402.57	2,358.24	-	20,495.92
Less: Operating expenses	232.08	736.41	1,905.31	-	2,873.80
Less: Unallocated expenses					-
Operating profit	**992.45**	**2,139.74**	**595.53**	**(5.40)**	**3,722.32**
Less: Provision for non-performing assets/Others	183.90	356.96	398.54	0.28	939.68
Segment result	**808.55**	**1,782.78**	**196.99**	**(5.68)**	**2,782.64**
Less: Provision for Tax					969.71
Extraordinary profit/loss					-
Net Profit					**1,812.93**
Segment assets	62,601.02	57,316.41	25,646.14	2,133.58	147,697.15
Unallocated assets					-
Total assets					**147,697.15**
Segment liabilities	66,474.55	27,200.87	42,963.58	863.65	137,502.65
Unallocated liabilities					-
Total liabilities					**137,502.65**
Net assets	**(3,873.53)**	**30,115.54**	**(17,317.44)**	**1,269.93**	**10,194.50**
Fixed assets additions during the year				459.29	459.29
Depreciation on fixed assets during the year				190.22	190.22

2.1.8 Related party disclosure

The related parties of the Bank are broadly classified as:

a) Promoters

The Bank has identified the following entities as its Promoters.

- Administrator of the Specified Undertaking of the Unit Trust of India (UTI-I)
- Life Insurance Corporation of India (LIC)
- General Insurance Corporation and four PSUs - New India Assurance Co. Ltd., National Insurance Co. Ltd., United India Insurance Co. Ltd. and The Oriental Insurance Co. Ltd.

b) Key Management Personnel

- Dr. P. J. Nayak (erstwhile Chairman & CEO) upto 20 April 2009
- Mrs. Shikha Sharma (Managing Director & Chief Executive Officer) with effect from 1 June 2009
- Mr. M. M. Agrawal (Deputy Managing Director) with effect from 10 February 2010

c) Relatives of Key Management Personnel

Mrs. Sunanda Nayak, Mrs. Sheela Nayak, Mr. Madhav Nayak, Mrs. Nikita Nayak, Mrs. Radhika Shenoi, Mr. Pramod Shenoi, Mr. Bharat Nayak, Mrs. Smitha Nayak, Mr. Sanjaya Sharma, Mrs. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Mrs. Bharti Agrawal, Mr. Vedprakash Agrawal, Mrs. Gayatri Devi Agrawal, Mr. Amit M Agrawal, Mrs. Rinki Agrawal, Master Kaustubh Agrawal, Ms. Prashasti Agrawal, Mr. Anand Agrawal, Mr. Praveen Agrawal, Mrs. Rekha Agrawal, Mrs. Renu Agrawal, Mrs. Meenu Agrawal

d) Joint Venture

- Bussan Auto Finance India Private Limited

Based on RBI guidelines, details of transactions with Joint Venture Companies are not disclosed since there is only one entity / party in this category.

The details of transactions of the Bank with its related parties during the year ended 31 March 2010 are given below:

(Rs. in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Dividend Paid	151.97	-	-	**151.97**
Interest Paid	246.89	0.02	0.01	**246.92**
Interest Received	-	0.01	-	**0.01**
Investment of Related Parties in the Bank	360.56	-	-	**360.56**
Investment in Subordinated Debt/Hybrid Capital of the Bank	1,055.00	-	-	**1,055.00**
Redemption of Subordinated Debt	5.00	-	-	**5.00**
Sale of Investments	537.48	-	-	**537.48**
Management Contracts and Other reimbursements	1.82	2.62	-	**4.44**
Purchase of Fixed Assets	-	-	-	**-**
Advance granted	-	-	-	**-**
Advance repaid	-	-	-	**-**
Sale of fixed assets	-	-	-	**-**
Receiving of Services	16.11	-	-	**16.11**
Rendering of Services	1.92	-	-	**1.92**
Non-funded commitments	0.05	-	-	**0.05**
Other Reimbursements to Related Parties	-	-	-	**-**

The balances payable to/receivable from the related parties of the Bank as on 31 March 2010 are given below:

(Rs. in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	3,662.04	1.72	0.64	**3,664.40**
Placement of Deposits	0.16	**-**	-	**0.16**
Advances	50.17	0.39	-	**50.56**
Investment of the Bank	-	-	-	**-**
Investment of Related Parties in the Bank	156.15	0.02	-	**156.17**
Repo Borrowing	-	-	-	**-**
Non-funded commitments	39.00	-	-	**39.00**
Investment in Subordinated Debt/Hybrid Capital of the Bank	2,815.00	-	-	**2,815.00**
Advance for Rendering of Services	-	-	-	**-**
Leasing/HP Arrangements Provided	-	-	-	**-**
Other Receivables	-	-	-	**-**
Other Payables	-	-	-	**-**

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March 2010 are given below:

(Rs. in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	3,662.04	10.43	0.64	**3,673.11**
Placement of Deposits	0.16	-	-	**0.16**
Advances	59.36	0.40	-	**59.76**
Investment of Related Parties in the Bank	156.64	0.13	-	**156.77**
Repo Borrowing	-	-	-	**-**
Non-funded commitments	39.05	-	-	**39.05**
Investment in Subordinated Debt/Hybrid Capital of the Bank	2,815.00	-	-	**2,815.00**
Advance for Rendering of Services	-	-	-	**-**
Leasing/HP arrangements provided	-	-	-	**-**
Other Receivables	-	-	-	**-**
Other Payables	-	-	-	**-**

The details of transactions of the Bank with its related parties during the year ended 31 March 2009 are given below:

(Rs. in crores)

Items/Related Party	Promoters
Dividend Paid	91.22
Interest Paid	69.75
Interest Received	0.13
Investment of the Bank	-
Investment of Related Parties in the Bank	-
Investment in Subordinated Debt/Hybrid Capital of the Bank	1,500.00
Redemption of Subordinated Debt	20.00
Sale of Investments	449.86
Receiving of Services	24.94
Rendering of Services	1.73
Other Reimbursements to Related Parties	5.00

The balances payable to/receivable from the related parties of the Bank as on 31 March 2009 are given below:

(Rs. in crores)

Items/Related Party	Promoters
Deposits with the Bank	3,366.27
Placement of Deposits	0.15
Advances	-
Investment of Related Parties in the Bank	152.23
Non-funded commitments	39.00
Investment in Subordinated Debt/Hybrid Capital of the Bank	1,740.00
Advance for Rendering of Services	-
Leasing/HP arrangements provided	-
Other Receivables	-
Other Payables	-

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March 2009 are given below:

(Rs. in crores)

Items/Related Party	Promoters
Deposits with the Bank	3,366.27
Placement of Deposits	0.15
Advances	0.14
Investment of Related Parties in the Bank	152.23
Repo Borrowing	44.20
Non-funded commitments	39.00
Investment in Subordinated Debt/Hybrid Capital of the Bank	1,740.00
Advance for Rendering of Services	-
Leasing/HP arrangements provided	-
Other Receivables	-
Other Payables	-

2.1.9 Leases

Disclosure in respect of assets given on operating lease

Operating lease comprises leasing of power generation equipments.

(Rs. in crores)

	31 March 2010	31 March 2009
Gross carrying amount at the beginning of the year	**-**	76.50
Accumulated depreciation as at the end of the year	**-**	-
Accumulated impairment losses as at the end of the year	**-**	-
Depreciation for the year	**-**	1.51
Impairment losses for the year	**-**	-
Minimum lease payments receivable at the end of the year	**-**	-
Future lease rentals receivable as at the end of the year:		
- Not later than one year	**-**	-
- Later than one year and not later than five years	**-**	-
- Later than five years	**-**	-

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements.

Disclosure in respect of assets taken on operating lease

Operating lease comprises leasing of office premises/ATMs, staff quarters, electronic data capturing machines and IT equipment.

(Rs. in crores)

	31 March 2010	31 March 2009
Future lease rentals payable as at the end of the year:		
- Not later than one year	**413.79**	324.97
- Later than one year and not later than five years	**1,180.99**	968.25
- Later than five years	**723.51**	592.51
Total of minimum lease payments recognized in the profit and loss account for the year	**421.09**	308.99

There are no provisions relating to contingent rent.

The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements.

There are no undue restrictions or onerous clauses in the agreements.

2.1.10 Other Fixed Assets (including furniture & fixtures)

The movement in fixed assets capitalized as application software is given below:

(Rs. in crores)

Particulars	**31 March 2010**	31 March 2009
At cost at the beginning of the year	**220.74**	164.80
Additions during the year	**48.57**	56.16
Deductions during the year	**(0.58)**	(0.22)
Accumulated depreciation as at 31 March	**(162.65)**	(125.44)
Closing balance as at 31 March	**106.08**	95.30

2.1.11 The major components of deferred tax assets and deferred tax liabilities arising out of timing differences are as under:

(Rs. in crores)

As at	31 March 2010	31 March 2009
Deferred tax assets on account of provisions for doubtful debts	**421.52**	307.65
Deferred tax assets on account of amortization of HTM investments	**147.83**	128.10
Deferred tax assets on account of provision for retirement benefits	**47.79**	35.03
Deferred tax liability on account of depreciation and impairment on fixed assets	**(32.63)**	(36.81)
Other deferred tax assets	**26.88**	23.06
Net deferred tax asset/(liability)	**611.39**	457.03

2.1.12 Employee Benefits

Group

Provident Fund

The contribution to the employee's provident fund of the Group amounted to Rs. 39.31 crores for the year ended 31 March 2010 (previous year Rs. 30.86 crores).

Axis Bank Ltd.

Superannuation

The Bank contributed Rs. 9.67 crores to the employee's superannuation plan for the year ended 31 March 2010 (previous year Rs. 8.77 crores).

Leave Encashment

The Group charged an amount of Rs. 35.98 crores as liability for leave encashment for the year ended 31 March 2010 (previous year Rs. 45.12 crores).

Gratuity

Group

The following tables summarize the components of net benefit expenses recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the Gratuity benefit plan.

Profit and Loss Account

Net employee benefit expenses (recognized in payments to and provisions for employees)

(Rs. in crores)

	31 March 2010	31 March 2009
Current Service Cost	**8.88**	5.63
Interest on Defined Benefit Obligation	**2.94**	2.11
Expected Return on Plan Assets	**(2.59)**	(1.52)
Net Actuarial Losses/ (Gains) recognized in the year	**(3.99)**	6.76
Past Service Cost	**-**	-
Losses/(Gains) on "Curtailments & Settlements"	**-**	-
Total included in "Employee Benefit Expense"	**5.24**	12.98
Actual Return on Plan Assets	**3.05**	0.79

Balance Sheet

Details of provision for gratuity

(Rs. in crores)

	31 March 2010	31 March 2009
Present Value of Funded Obligations	**43.02**	36.48
Fair Value of Plan Assets	**(44.08)**	(29.83)
Present Value of Unfunded Obligations	**-**	-
Unrecognized Past Service Cost	**-**	-
Net Liability	**(1.06)**	6.65

Amounts in Balance Sheet		
Liabilities	**0.35**	6.65
Assets	**1.41**	-
Net Liability	**(1.06)**	6.65

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

(Rs. in crores)

	31 March 2010	31 March 2009
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	**36.48**	23.42
Current Service Cost	**8.88**	5.63
Interest Cost	**2.94**	2.11
Actuarial Losses/(Gains)	**(3.52)**	6.02
Liabilities Extinguished on Curtailment	**-**	-
Liabilities Extinguished on Settlements	**-**	-
Liabilities Assumed on Acquisition	**-**	-
Exchange Difference on Foreign Plans	**-**	-
Benefits Paid	**(1.76)**	(0.70)
Closing Defined Benefit Obligation	**43.02**	36.48

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

(Rs. in crores)

	31 March 2010	31 March 2009
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	**29.83**	17.78
Expected Return on Plan Assets	**2.59**	1.52
Actuarial Gains /(Losses)	**0.46**	(0.73)
Assets Distributed on Settlements	**-**	-
Contributions by Employer	**12.96**	11.96
Assets Acquired due to Acquisition	**-**	-
Exchange Difference on Foreign Plans	**-**	-
Benefits Paid	**(1.76)**	(0.70)
Closing Fair Value of Plan Assets	**44.08**	29.83

Experience adjustments

(Rs. in crores)

	31 March 2010	31 March 2009	31 March 2008	31 March 2007
Defined Benefit Obligations	**43.02**	36.49	23.42	14.33
Plan Assets	**44.08**	29.83	17.78	11.93
Surplus /(Deficit)	**1.06**	(6.66)	(5.64)	(2.40)
Experience Adjustments on Plan Liabilities	**1.27**	3.30	3.57	2.29
Experience Adjustments on Plan Assets	**0.46**	(0.73)	(0.17)	0.13

Axis Bank Ltd.

	31 March 2010	31 March 2009
The major categories of plan assets as a percentage of fair value of total plan assets - Insurer Managed Funds	**100.00%**	100.00%

	31 March 2010	31 March 2009
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	**7.90% p.a.**	6.70% p.a.
Expected rate of Return on Plan Assets	**7.50% p.a.**	7.50% p.a.
Salary Escalation Rate	**6.00% p.a.**	6.00% p.a.
Employee Turnover		
- 21 to 44 (age in years)	**10.00%**	10.00%
- 45 to 64 (age in years)	**1.00%**	1.00%

The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

As the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date is based on various internal/external factors, a best estimate of the contribution is not determinable.

Axis Securities and Sales Ltd.

	31 March 2010	31 March 2009
The major categories of plan assets as a percentage of fair value of total plan assets - Insurer Managed Funds	**100.00%**	100.00%

	31 March 2010	31 March 2009
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	**6.55% p.a.**	6.30% p.a.
Expected rate of Return on Plan Assets	**7.50% p.a.**	7.50% p.a.
Salary Escalation Rate	**6.00% p.a.**	6.00% p.a.
Employee Turnover		
- 21 to 44 (age in years)	**30.00% p.a.**	30.00% p.a.
- 45 to 59 (age in years)	**1.00% p.a.**	1.00% p.a.

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.

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

The Company expects to contribute Rs. 0.20 crore as gratuity in the year 2010-11.

Axis Asset Management Company Ltd.

	31 March 2010
Principal actuarial assumptions at the balance sheet date:	
Discount Rate	**8.00% p.a.**
Expected rate of Return on Plan Assets	**N.A.**
Salary Escalation Rate	**10.00% p.a.**
Employee Turnover	**10.00% p.a.**

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.

2.1.13 Provisions and contingencies

a) Movement in provision for frauds included under other liabilities is set out below:

(Rs. in crores)

	31 March 2010	31 March 2009
Opening balance at the beginning of the year	**4.51**	4.95
Additions during the year	**0.04**	-
Reductions on account of payments during the year	**(0.27)**	(0.44)
Reductions on account of reversals during the year	**(4.07)**	-
Closing balance at the end of the year	**0.21**	4.51

b) Movement in provision for credit enhancements on securtized assets is set out below:

(Rs. in crores)

	31 March 2010	31 March 2009
Opening balance at the beginning of the year	**-**	3.10
Additions during the year	**-**	-
Reductions during the year	**-**	(3.10)
Closing balance at the end of the year	**-**	-

c) Movement in provision for credit card reward points is set out below:

(Rs. in crores)

	31 March 2010	31 March 2009
Opening provision at the beginning of the year	**5.73**	5.94
Provision made during the year	**5.61**	0.80
Reductions during the year	**(0.88)**	(1.01)
Closing provision at the end of the year	**10.46**	5.73

d) Movement in provision for debit card reward points is set out below:

(Rs. in crores)

	31 March 2010	31 March 2009
Opening provision at the beginning of the year	**4.24**	-
Provision made during the year	**3.74**	4.24
Reductions during the year	**(0.03)**	-
Closing provision at the end of the year	**7.95**	4.24

2.1.14 Description of contingent liabilities:

a) Claims against the Group not acknowledged as debts

These represent claims filed against the Group in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax and other statutory authorities and disputed by the Group.

b) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, currency options/swaps, interest rate futures and forward rate agreements on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in two currencies, based on ruling spot rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. Interest rate futures are standardized, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date. Forward rate agreements are agreements to pay or receive a certain sum based on a differential interest rate on a notional amount for an agreed period. A foreign currency option is an agreement between two parties in which one grants to the other the right to buy or sell a specified amount of currency at a specific price within a specified time period or at a specified future time.

c) Guarantees given on behalf of constituents

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

d) Acceptances, endorsements and other obligations

These include documentary credit issued by the Bank on behalf of its customers and bills drawn by the Bank's customers that are accepted or endorsed by the Bank.

e) Other items for which the Group is contingently liable

Other items represent outstanding amount of bills rediscounted by the Bank, estimated amount of contracts remaining to be executed on capital account and commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end.

2.1.15 Comparative Figures

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

For Axis Bank Ltd.

Adarsh Kishore
Chairman

R. H. Patil
Director

N. C. Singhal
Director

Shikha Sharma
Managing Director & CEO

P. J. Oza
Company Secretary

Somnath Sengupta
Executive Director & CFO

R. B. L. Vaish
Director

M. M. Agrawal
Deputy Managing Director

Date : 20 April 2010
Place: Mumbai

DISCLOSURES UNDER THE NEW CAPITAL ADEQUACY FRAMEWORK (BASEL II GUIDELINES) FOR THE YEAR ENDED 31 March 2010

I. SCOPE OF APPLICATION

Axis Bank Limited (the 'Bank') is a commercial bank, which was incorporated on 3 December 1993. The Bank is the controlling entity for all group entities that include its five wholly owned subsidiaries.

The consolidated financial statements of the Bank comprise the financial statements of Axis Bank Limited and its subsidiaries that together constitute the 'Group'. The Bank consolidates its subsidiaries in accordance with Accounting Standard 21 (AS 21) 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure. While computing the consolidated Bank's Capital to Risk-weighted Assets Ratio (CRAR), the Bank's investment in the equity capital of the wholly-owned subsidiaries is deducted, 50% from Tier 1 Capital and 50% from Tier 2 Capital. The subsidiaries of the Bank are not required to maintain any regulatory capital. The table below lists Axis Bank's Subsidiaries/Associates/Joint ventures consolidated for accounting and their treatment for capital adequacy purpose.

Sr. No	Name of the entity	Nature of Business	Holding	Basis of Consolidation
1.	Axis Securities and Sales Ltd.	Marketing of credit cards and retail asset products and retail broking	100%	Fully consolidated
2.	Axis Private Equity Ltd.	Managing investments, venture capital funds and off shore funds	100%	Fully consolidated
3.	Axis Trustee Services Ltd.	Trusteeship services	100%	Fully consolidated
4.	Axis Mutual Fund Trustee Ltd.	Trusteeship	100%	Fully consolidated
5.	Axis Asset Management Company Ltd.	Asset Management	100%	Fully consolidated
6.	Bussan Auto Finance India Private Ltd.	Non-Banking Financial company	26%	Treated as an investment

The Bank has entered into a joint venture agreement and holds an equity investment to the extent of 26% in Bussan Auto Finance India Private Ltd., a non-banking financial company. The financials of the joint venture company are not consolidated with the balance sheet of the Bank as such investment does not fall within the definition of a joint venture as per Accounting Standard 27 (AS 27), Financial Reporting of Interest in Joint Ventures, issued by the Institute of Chartered Accountants of India. The investment in the joint venture is not deducted from the capital funds of the Bank but is assigned risk-weights as an investment.

There is no deficiency in capital of any of the subsidiaries of the Bank as on 31 March 2010. Axis Bank actively monitors all its subsidiaries through their respective Boards and regular updates to the Board of Axis Bank.

As on 31 March 2010, the Bank does not have any interest in any insurance entity.

II. CAPITAL STRUCTURE

Summary

As per RBI's capital adequacy norms capital funds are classified into Tier-1 and Tier-2 capital. Tier-1 capital of the Bank consists of equity capital, statutory reserves, other disclosed free reserves, capital reserves and innovative perpetual debt instruments eligible for inclusion in Tier-1 capital that complies with requirement specified by RBI. The Tier II capital consists of general provision and loss reserves, upper Tier-2 instruments and subordinate debt instruments eligible for inclusion in Tier-2 capital. Axis Bank has issued debt instruments that form a part of Tier-1 and Tier-2 capital. The terms and conditions that are applicable for these instruments comply with the stipulated regulatory requirements.

Tier-1 bonds are non-cumulative and perpetual in nature with a call option after 10 years. Interest on Tier-1 bonds is payable either annually or semi-annually. Some of the Tier-1 bonds have a step-up clause on interest payment ranging up to 100 bps. The Upper Tier-2 bonds have an original maturity of 15 years with a call option after 10 years. The interest on Upper Tier-2 bonds is payable either annually or semi-annually. Some of the Upper Tier-2 debt instruments have a step-up clause on interest payment ranging up to 100 bps. The Lower Tier-2 bonds have an original maturity between 5 to 10 years. The interest on lower Tier-2 capital instruments is payable either semi-annually or annually.

Equity Capital

The Bank has authorized share capital of Rs. 500.00 crores comprising 500,000,000 equity shares of Rs. 10/- each. As on 31 March 2010 the Bank has issued, subscribed and paid-up equity capital of Rs. 405.17 crores, constituting 405,174,119 number of shares of Rs. 10/- each. The Bank's shares are listed on the National Stock Exchange and the Bombay Stock Exchange. The GDRs issued by the Bank are listed on the London Stock Exchange (LSE).

During the year ended 31 March 2010, the Bank raised additional equity capital in the form of 5,055,500 Global Depository Receipts (GDRs) (each GDR representing 1 underlying equity share of Rs. 10/- each), at a price of US$ 18.90 per GDR. The Bank also undertook a Qualified Institutional Placement (QIP) of 33,044,500 shares and a preferential allotment of 3,976,632 shares at a price of Rs. 906.70 per share. As a consequence, the paid-up share capital of the Bank has increased by Rs. 42.08 crores and the reserves of the Bank have increased by Rs. 3,725.64 crores after charging of issue related expenses.

During the year, the Bank has also allotted equity shares to employees under its Employee Stock Option Plan.

The provisions of the Companies Act, 1956 and other applicable laws and regulations govern the rights and obligations of the equity share capital of the Bank.

Debt Capital Instruments

The Bank has raised capital through Innovative Perpetual Debt Instrument (IPDI) eligible as Tier 1 Capital and Tier 2 Capital in the form of Upper Tier 2 and Subordinated bonds (unsecured redeemable non-convertible debentures), details of which are given below.

Perpetual Debt Instrument

The Bank has raised Perpetual Debt Instruments eligible as Tier 1 Capital, the aggregate value of which as on 31 March 2010 was Rs. 420.54 crores as stated below.

Date of Allotment	Rate of Interest	Period	Amount
30 September 2006	10.05%	Perpetual	Rs. 214.00 crores
15 November 2006	7.167%	Perpetual	USD 46 million* (Rs. 206.54 crores)
Total Perpetual Debt			**Rs. 420.54 crores**

*Converted to INR @ Rs. 44.90 to a US Dollar (prevailing exchange rate as on 31.3.2010)

Upper Tier 2 Capital

The Bank has also raised Upper Tier 2 Capital, the aggregate value of which as on 31 March 2010 was Rs. 1,248.98 crores as per the table below.

Date of Allotment	Date of Redemption	Rate of Interest	Amount
11 August 2006	10 August 2021	7.25%	USD 149.85 million* (Rs. 672.81 crores)
24 November 2006	23 November 2021	9.35%	Rs. 200.00 crores
6 February 2007	6 February 2022	9.50%	Rs. 107.50 crores
28 June 2007	28 June 2022	7.125%	USD 59.84 million* (Rs. 268.67 crores)
Total Upper Tier 2 Capital			**Rs. 1,248.98 crores**

*Converted to INR @ Rs 44.90 to a US Dollar (prevailing exchange rate as on 31.3.2010)

Subordinated Debt

As on 31 March 2010, the Bank had an outstanding Subordinated debt (unsecured redeemable non-convertible debentures) aggregating Rs. 5,486.30 crores. Of this, Rs. 4,842.70 crores qualified as Lower Tier 2 capital, the details of which are stated below:

(Rs. in crores)

Date of Allotment	Date of Redemption	Rate of Interest	Amount
20 September 2002	20 June 2010	9.05%	5.00
20 September 2002	20 June 2012	9.30%	62.00
21 December 2002	21 September 2012	8.95%	60.00
26 July 2003	26 April 2011	6.70%	5.00
26 July 2003	26 April 2013	7.00%	65.00
15 January 2004	15 October 2013	6.50%	50.00
4 June 2004	4 June 2010	One-year G-sec semi-annual yield plus a margin of 85 basis points to be reset at semi-annual intervals.	150.00
25 July 2005	25 July 2012	Simple average of Mid of Bid and offer yield of the 1-year GOI bench-mark (i.e. INBMK) plus a margin of 65 basis points to be reset at semi annual intervals.	500.00
22 March 2006	22 June 2013	8.50%	125.00
22 March 2006	22 June 2013	8.32%	5.00
22 March 2006	22 March 2016	8.75%	360.00
22 March 2006	22 March 2016	8.56%	10.00
28 June 2006	28 September 2013	8.95%	33.50
28 June 2006	28 June 2016	9.10%	104.90
30 March 2007	30 March 2017	10.10%	250.90
7 November 2008	7 November 2018	11.75%	1,500.00
28 March 2009	28 March 2019	9.95%	200.00
16 June 2009	16 June 2019	9.15%	2,000.00
Total			**5,486.30**

During the year, subordinated debt (unsecured redeemable non-convertible subordinated debentures) of Rs. 2,000 crores was raised.

Capital Funds

(Rs. in crores)

Position as on 31 March 2010	Amount
A Tier 1 Capital	**15,789.42**
Of which	
- Paid-up Share Capital	405.17
- Reserves and surplus (Excluding Foreign Currency Translation Reserve)	15,632.32
- Innovative Perpetual Debt Instruments	420.54
- Amount deducted from Tier 1 capital	
- Investments in subsidiaries	(57.28)
- Deferred Tax Assets	(611.33)

B	**Tier 2 Capital (net of deductions) (B.1+B.2+B.3-B.4)**	**6,518.47**
	Out of above	
B.1	Debt Capital Instruments eligible for inclusion as Upper Tier 2 Capital	
	- Total amount outstanding	1,248.98
	- Of which amount raised during the current year	-
	- Amount eligible as capital funds	1,248.98
B.2	Subordinated debt eligible for inclusion in Lower Tier 2 Capital	
	- Total amount outstanding	5,486.30
	- Of which amount raised during the current year	2,000.00
	- Amount eligible as capital funds	4,842.70
B.3	Other Tier 2 Capital - Provision for Standard Assets	484.07
B.4	Deductions from Tier 2 Capital	
	- Investments in Subsidiaries	(57.28)
C	**Total Eligible Capital**	**22,307.89**

III. CAPITAL ADEQUACY

Axis Bank is subject to the capital adequacy guidelines stipulated by RBI, which are based on the framework of the Basel Committee on Banking Supervision. As per the capital adequacy guidelines under Basel I, the Bank is required to maintain a minimum ratio of total capital to risk weighted assets (CRAR) of 9.0%, at least half of which is required to be Tier 1 Capital. In June 2008, RBI issued the Master Circular Prudential Guidelines on Capital Adequacy and Market Discipline on Basel II. As per Basel II guidelines, Axis Bank is required to maintain a minimum CRAR of 9.0%, with minimum Tier 1 Capital ratio of 6.0%. In terms of RBI guidelines for implementation of Basel II, capital charge for credit and market risk for the financial year ended 31 March 2010 will be required to be maintained at the higher levels implied by Basel II or 80% of the minimum capital requirement computed as per the Basel I framework. For the year ended 31 March 2010, the minimum capital required to be maintained by Axis Bank as per Basel II guidelines is higher than that under Basel I guidelines.

An assessment of the capital requirement of the Bank is carried out through a comprehensive projection of future businesses that takes cognizance of the strategic intent of the Bank, profitability of particular businesses and opportunities for growth. The proper mapping of credit, operational and market risks to this projected business growth enables assignment of capital that not only adequately covers the minimum regulatory capital requirement but also provides headroom for growth. The calibration of risk to business is enabled by a strong risk culture in the Bank aided by effective, technology-based risk management systems. A summary of the Bank's capital requirement for credit, market and operational risk and the capital adequacy ratio as on 31 March 2010 is presented below.

(Rs. in crores)

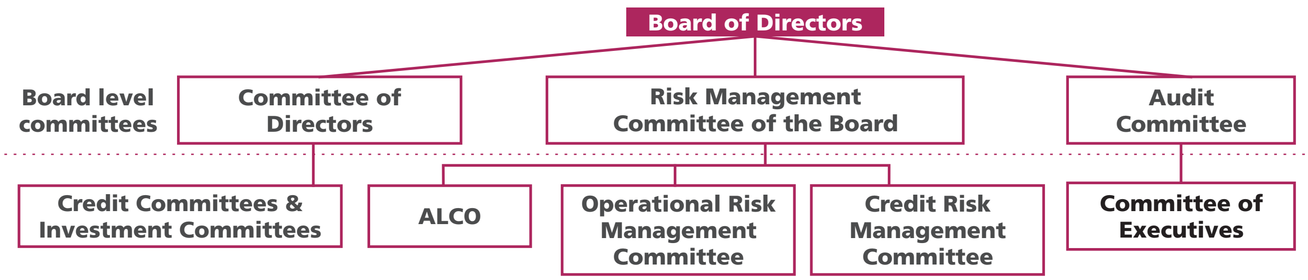
Capital Requirements for various Risks	Amount
CREDIT RISK	
Capital requirements for Credit Risk	
- Portfolios subject to standardized approach	11,040.47
- Securitisation exposures	-
MARKET RISK	
Capital requirements for Market Risk	
- Standardized duration approach	1,008.72
- Interest rate risk	851.99
- Foreign exchange risk (including gold)	127.62
- Equity risk	29.11
OPERATIONAL RISK	
Capital requirements for Operational risk	
- Basic indicator approach	656.09
Capital Adequacy Ratio of the Bank (%)	**15.80%**
Tier 1 CRAR (%)	**11.18%**

IV. RISK MANAGEMENT: OBJECTIVES AND ORGANIZATION STRUCTURE

The wide variety of businesses undertaken by the Bank requires it to identify, measure, control, monitor and report risks effectively. The key components of the Bank's risk management rely on the risk governance architecture, comprehensive processes and internal control mechanism. The Bank's risk governance architecture focuses attention on key areas of risk such as credit, market and operational risk and quantification of these risks wherever possible for effective and continuous monitoring.

Objectives and Policies

The Bank's risk management processes are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring through the sub-committees of the Board of Directors. The Board sets the overall risk appetite and philosophy for the Bank. The Committee of Directors, the Risk Management Committee and the Audit Committee of the Board, which are sub-committees of the Board, review various aspects of risk arising from the businesses of the Bank. Various Senior Management Committees, Credit Risk Management Committee (CRMC), Asset-Liability Committee (ALCO) and Operational Risk Management Committee (ORMC) operate within the broad policy framework as illustrated below.



The Bank has also formulated a global risk policy for overseas operations and a country specific risk policy for its Singapore, Hong Kong and Dubai branches. The policies were drawn based on the risk dimensions of dynamic economies and the Bank's risk appetite.

The Bank has formulated a comprehensive Stress Testing policy to measure impact of adverse stress scenarios on the adequacy of capital.

Structure and Organization

Risk Management Department reports to the Deputy Managing Director and the Risk Management Committee of the Board oversees the functioning of the Department. The Department has three separate teams for Credit Risk, Market Risk and Operational Risk and the head of each team reports to the head of the department.

V. CREDIT RISK

Credit Risk Management Policy

Credit risk covers the inability of a borrower or counter-party to honour commitments under an agreement and any such failure has an adverse impact on the financial performance of the Bank. The Bank is exposed to credit risk through lending and capital market activities.

The Bank's credit risk management process integrates risk management into the business management processes, while preserving the independence and integrity of risk assessment. The goal of credit risk management during the year has been to maintain a healthy credit portfolio by managing risk at the portfolio level as well as at the individual transaction level. The Board of Directors establishes the parameters for risk appetite, which is defined quantitatively and qualitatively in accordance with the laid-down strategic business plan. The foundation of credit risk management rests on the internal rating system.

Credit Rating System

Internal reporting and oversight of assets is principally differentiated by the credit ratings applied. The Bank has developed rating tools specific to market segments such as large corporates, mid-corporates, SME, financial companies and microfinance companies to objectively assess underlying risk associated with such exposures. For retail and schematic SME exposures, scorecards and borrower-scoring templates are used for application screening. Hence, for these exposures, the credit risk is measured and managed at the portfolio level. The Bank is also trying to use internal database of retail loans for building up statistical behavioural scorecards as well as for refining credit assessment at the application sourcing level.

The credit rating tool uses a combination of quantitative inputs and qualitative inputs to arrive at a 'point-in-time' view of the rating of counterparty. The monitoring tool developed by the Bank helps in objectively assessing the credit quality of the borrower taking into cognizance the actual behaviour post-disbursement. The output of the rating model is primarily to assess the chances of delinquency over a one-year time horizon. Each internal rating grade corresponds to a distinct probability of default. Model validation is carried out periodically by objectively assessing its calibration accuracy and stability of ratings.

Credit Sanction and related processes

The Bank has put in place the following hierarchical committee structure for credit sanction and review:

- Zonal Office Credit Committee (ZOCC)
- Central Office Credit Committee (COCC)
- Committee of Executives (COE)
- Senior Management Committee (SMC)
- Committee of Directors (COD)

The guiding principles behind the credit sanction process are as under:

- Know your Customer' is a leading principle for all activities.
- Sound credit approval process with well laid credit-granting criteria.
- The acceptability of credit exposure is primarily based on the sustainability and adequacy of borrower's normal business operations and not based solely on the availability of security.
- Portfolio level risk analytics and reporting to ensure optimal spread of risk across various rating classes prevent undue risk concentration across any particular industry segments and monitor credit risk quality migration.
- Sector specific studies are periodically undertaken to highlight risk and opportunities in those sectors.
- Rating linked exposure norms have been adopted by the Bank.
- Industry-wise exposure ceilings are based on the industry performance, prospects and the competitiveness of the sector.
- Separate risk limits are set up for credit portfolios like advances to NBFC and unsecured loans that require special monitoring.
- With heightened activity in the real estate sector, the Bank has strengthened its risk management systems to ensure that its advances are to borrowers having a good track record and satisfying the criterion of minimum acceptable credit rating. Appropriate covenants are stipulated for risk containment and monitoring.

Review and Monitoring

- All credit exposures, once approved, are monitored and reviewed periodically against the approved limits. Borrowers with lower credit rating are subject to more frequent reviews.
- Credit audit involves independent review of credit risk assessment, compliance with internal policies of the Bank and with the regulatory framework, compliance of sanction terms and conditions and effectiveness of loan administration.
- Customers with emerging credit problems are identified early and classified accordingly. Remedial action is initiated promptly to minimize the potential loss to the Bank.

Portfolio Management

The Bank continues to track the quality of all portfolios through appropriate risk metrics. Periodic delinquency reporting, vintage analysis of the portfolio and rating-wise distribution of its borrowers provides insight for future course of action.

In the backdrop of the economic slowdown, the Bank has pursued a strategy of growth with consolidation of asset quality. The exposure to sectors that had been most affected by the downturn were kept under control and there was an increased focus on borrowers having good and stable rating.

During the year the Bank has been selective in choosing a growth path for retail assets. The focus has been on increasing lending to secured portfolios (mortgage, auto), while maintaining a cautious approach to unsecured lending (personal loans and credit card business). Move has been to improve the quality of incremental origination through tighter credit underwriting standards, increased use of bureau level data and leveraging on internal customer base of the Bank for cross sell. Account management and focus on collection are a priority to control delinquencies at the portfolio level.

Concentration Risk

The Bank controls and limits concentration risk by means of appropriate structural limits and borrower limits based on creditworthiness. These include:

Large Exposures to Individual Clients or Group

The Bank has individual borrower-wise exposure ceilings based on the internal rating of the borrower as well as group-wise borrowing limits. The Bank monitors the level of credit risk (Low/Moderate/High/Very High) and direction of change in credit risk (increasing /decreasing/stable) at the portfolio level based on the following six parameters that capture concentration risk.

- Highest geographic concentration in a region
- Exposure to Top 20 accounts as a percentage of Credit Risk Exposure (CRE)
- Percentage of term loans with residual maturity more than 3 years to total loans and advances
- Percentage of unsecured loans to total loan and advances
- Number of single borrower exposures exceeding 15% of capital funds
- Number of group exposures exceeding 40% of capital funds.

While determining level and direction of credit risk, parameters like percentage of low-risk credit (investment grade and above) to credit risk exposure and migration from investment to non-investment grade (quantum as percentage of credit risk exposure) are also considered.

Industries

Industry analysis plays an important part in assessing the concentration risk within the loan portfolio. Particular attention is given to industry sectors where the Bank believes there is a high degree of risk or potential for volatility in the future. The Bank has fixed internal limits for aggregate commitments to different sectors so that the exposures are evenly spread over various sectors.

Policies for Hedging and Mitigating Credit Risk

Credit Risk Mitigants (CRM) like financial collateral, non-financial collateral and guarantees are used to mitigate credit risk exposure. Availability of CRM either reduces effective exposure on the borrower (in case of collaterals) or transfers the risk to the more creditworthy party (in case of guarantees). A major part of the eligible financial collaterals is in the form of cash, the most liquid of assets and thus free from any market and liquidity risks. The Bank has formulated a Collateral Management Policy as required under Basel II guidelines.

Credit Risk Asset Quality

Distribution of Credit Risk by Asset Quality

Rating scale for large and mid corporates is a 14-point granular scale that ranges from AB-AAA to AB-D. The rating tool for SME has an 8-point rating scale, ranging from SME 1 to SME 8. There are separate rating tools for financial companies and schematic SME and retail agricultural exposures.

Definitions of Non-Performing Assets

Advances are classified into performing and non-performing advances (NPAs) as per RBI guidelines. NPAs are further classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. An asset, including a leased asset, becomes non-performing when it ceases to generate income for the Bank.

An NPA is a loan or an advance where:

1. interest and/or instalment of principal remains overdue for a period of more than 90 days in respect of a term loan;

2. the account remains "out-of-order'' in respect of an Overdraft or Cash Credit (OD/CC);

3. the bill remains overdue for a period of more than 90 days in case of bills purchased and discounted;

4. a loan granted for short duration crops will be treated as an NPA if the installments of principal or interest thereon remain overdue for two crop seasons; and

5. a loan granted for long duration crops will be treated as an NPA if the installments of principal or interest thereon remain overdue for one crop season.

6. in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

Definition of Impairment

At each balance sheet date, the Bank ascertains if there is any impairment in its assets. If such an indication is detected, the Bank estimates the recoverable amount of the asset. If the recoverable amount of the asset or the cash-generating unit, which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account.

CREDIT RISK EXPOSURES

Total Gross Credit Risk Exposure Including Geographic Distribution of Exposure - Position as on 31 March 2010

(Rs. in crores)

	Domestic	Overseas	Total
Fund Based	142,765.19	13,333.59	156,098.78
Non Fund Based *	51,433.76	2,666.97	54,100.73
Total	**194,198.95**	**16,000.56**	**210,199.51**

* Non-fund based exposures are guarantees given on behalf of constituents and acceptances and endorsements.

Distribution of Credit Risk Exposure by Industry Sector - Position as on 31 March 2010

(Rs. in crores)

Sr. No.	Industry Classification	Amount	
		Fund Based	Non-Fund Based
1.	Coal	61.14	139.13
2.	Mining	722.31	1,029.21
3.	Iron and Steel	3,709.07	2,680.64
4.	Other Metal and Metal Products	1,020.01	1,008.49
5.	All Engineering	2,361.55	3,179.17
	- Of which Electronics	255.92	52.33
6.	Electricity (Power Generation & Distribution)	4,094.97	4,352.03
7.	Cotton Textiles	2,380.39	382.35
8.	Jute Textiles	7.50	0.29
9.	Other Textiles	1,125.92	297.78
10.	Sugar	668.58	555.11
11.	Tea	263.61	4.30
12.	Food Processing	3,819.88	194.06
13.	Vegetable Oil and Vanspati	701.83	2,273.05
14.	Tobacco and Tobacco Products	242.84	9.94
15.	Paper and Paper Products	1,195.81	200.42
16.	Rubber and Rubber Products	395.27	116.26
17.	Chemicals, Dyes, Paints etc.	3,675.13	2,208.37
	- Of which Drugs & Pharmaceuticals	1,452.83	371.01
18.	Cement	1,816.61	395.35
19.	Leather and Leather Products	124.21	5.08
20.	Gems and Jewellery	1,818.17	9,964.71

(Rs. in crores)

Sr. No.	Industry Classification	Amount	
		Fund Based	**Non-Fund Based**
21.	Construction	5,176.29	345.97
22.	Petrochemicals and Petroleum Products	2,151.32	1,932.51
23.	Automobiles including trucks	2,083.55	390.49
24.	Computer Software	1,936.56	471.41
25.	Infrastructure	9,069.49	9,775.60
	- Of which Infrastructure construction Roads	1,542.56	822.69
	- Of which Infrastructure construction Ports	682.27	1,222.84
	- Of which Telecommunication	2,195.30	1,929.57
26.	NBFCs & Trading	15,553.22	4,309.07
27.	Other Industries	21,739.82	6,431.87
	- Of which Banks	6,373.90	3,300.53
	- Of which Entertainment Media	1,105.98	445.00
	- Of which Logistics	1,423.42	498.14
28.	Residual exposures to balance the total exposure	68,183.74	1,448.06
	Total	**156,098.78**	**54,100.73**

As on 31 March 2010, the Bank's exposure to the industries stated below was more than 5% of the total gross credit exposure:

Sr. No.	Industry Classification	Percentage of the total gross credit exposure
1.	NBFCs and Trading	9%
2.	Infrastructure	9%
3.	Gems and Jewellery	6%

Residual Contractual Maturity breakdown of Assets - Position as on 31 March 2010

(Rs. in crores)

Maturity Bucket	Cash, balances with RBI and other banks	Investments	Advances	Other assets including fixed assets
1day	3,200.91	885.56	736.72	-
2 to 7 days	1,043.07	986.17	2,413.13	71.79
8 to 14 days	1,013.50	2,562.54	1,124.78	10.36
15 to 28 days	1,403.04	3,991.38	1,057.75	1,215.68
29 days to 3 months	2,632.78	7,724.61	5,690.32	-
3 to 6 months	967.68	6,278.44	5,557.00	-
6 to 12 months	2,060.72	7,873.42	11,183.25	-
1 to 3 years	1,402.90	11,403.71	11,861.43	-
3 to 5 years	19.70	2,436.83	12,318.65	-
Over 5 years	1,462.14	11,832.16	52,400.09	3,825.65
Total	**15,206.44**	**55,974.82**	**104,343.12**	**5,123.48**

Movement of NPAs and Provision for NPAs - Position as on 31 March 2010

(Rs. in crores)

		Amount
A.	Amount of NPAs (Gross)	
	- Substandard	643.57
	- Doubtful 1	67.37
	- Doubtful 2	26.09
	- Doubtful 3	15.04
	- Loss	565.93
B.	Net NPAs	419.00
C.	NPA Ratios	
	- Gross NPAs to gross advances (%)	1.25%
	- Net NPAs to net advances (%)	0.40%
D.	Movement of NPAs (Gross)	
	- Opening balance as on 1.4.2009	897.77
	- Additions	1,800.70
	- Reductions	(1,380.47)
	- Closing balance as on 31.3.2010	1,318.00
E.	Movement of Provision for NPAs	
	- Opening balance as on 1.4.2009	570.64
	- Provision made in 2009-10	1,373.21
	- Write - offs/Write - back of excess provision	(1,041.60)
	- Reclassification of floating provision	(3.25)
	- Closing balance as on 31.3.2010	899.00

NPIs and Movement of Provision for Depreciation on Investments - Position as on 31 March 2010

(Rs. in crores)

		Amount
A.	Amount of Non-Performing Investments	22.58
B.	Amount of Provision held for Non performing investments	16.18
C.	Movement of provision for depreciation on investments	
	- Opening balance as on 1.4.2009	200.00
	- Provision made in 2009-10	40.97
	- Write - offs	-
	- Write - back of excess provision	(70.79)
	- Closing balance as on 31.3.2010	170.18

Credit Risk: Use of Rating Agency under the Standardized Approach

The RBI guidelines on Basel II require banks to use ratings assigned by specified External Credit Assessment Agencies (ECAIs) namely CRISIL, CARE, ICRA & Fitch (India) for domestic counterparties and Standard & Poor's, Moody's and Fitch for foreign counterparties.

The Bank is using issuer ratings and short-term and long-term instrument/bank facilities' ratings which are assigned by the accredited rating agencies viz. CRISIL, ICRA, Fitch and CARE and published in the public domain to assign risk-weights in terms of RBI guidelines. In respect of claims on non-resident corporates and foreign banks, ratings assigned by international rating agencies i.e. Standard & Poor's, Moody's and Fitch is used. For exposures with contractual maturity of less than one year, a short-term rating is used. For cash credit facilities and exposures with contractual maturity of more than one year, long-term rating is used.

Issue ratings would be used if the Bank has an exposure in the rated issue and this would include fund-based and non-fund based working capital facilities as well as loans and investments. In case the Bank does not have exposure in a rated issue, the Bank would use the issue rating for its comparable unrated exposures to the same borrower, provided that the Bank's exposures are pari-passu or senior and of similar or lesser maturity as compared to the rated issue. Structured Obligation (SO) ratings are not used unless the Bank has a direct exposure in the 'SO' rated issue. If an issuer has a long-term or short-term exposure with an external rating that warrants a risk weight of 150%, all unrated claims on the same counterparty, whether short-term or long-term, also receive 150% risk weight, unless the Bank uses recognized credit risk mitigation techniques for such claims.

Issuer ratings provide an opinion on the general credit worthiness of the rated entities in relation to their senior unsecured obligations. Therefore, issuer ratings would be used to assign risk-weight to unrated exposures provided that the unrated exposures are senior or pari-passu as compared to senior unsecured obligations of the same borrower.

Details of Gross Credit Risk Exposure (Fund based and Non-fund based) based on Risk-Weight - Position as on 31 March 2010

(Rs. in crores)

	Amount
Below 100% risk weight	123,390.75
100% risk weight	74,494.82
More than 100% risk weight	12,313.83
Deduction from capital funds	
- Investments in subsidiaries	114.55

VI. CREDIT RISK MITIGATION

The Bank uses various collaterals both financial as well as non-financial, guarantees and credit insurance as credit risk mitigants. The main financial collaterals include bank deposits, NSC/KVP/LIP, and gold, while main non-financial collaterals include land and building, plant and machinery, residential and commercial mortgages. The guarantees include guarantees given by corporate, bank and personal guarantees. This also includes loan and advances guaranteed by Export Credit & Guarantee Corporation Limited (ECGC), Credit Guarantee Fund Trust for Small Industries (CGTSI), Central Government and State Government.

The Bank has in place a collateral management policy, which underlines the eligibility requirements for credit risk mitigants (CRM) for capital computation as per Basel II guidelines. The Bank reduces its credit exposure to counterparty with the value of eligible financial collateral to take account of the risk mitigating effect of the collateral. To account for the volatility in the value of collateral, haircut is applied based on the type, issuer, maturity, rating and remargining/revaluation frequency of the collateral. The Bank revalues various financial collaterals at varied frequency depending on the type of collateral. The Bank has a valuation policy that covers processes for collateral valuation and empanelment of valuers.

Details of total credit exposure (after on or off balance sheet netting) - Position as on 31 March 2010

(Rs. in crores)

	Amount
Covered by :	
- Eligible financial collaterals after application of haircuts	12,809.73
- Guarantees/credit derivatives	3,240.71

VII. SECURITISATION

The primary objectives for undertaking securitisation activity by the Bank are enhancing liquidity, optimization of usage of capital and churning of the assets as part of risk management strategy.

The securitisation of assets generally being undertaken by the Bank is on the basis of "True Sale", which provides 100% protection to the Bank from default. All risks in the securitised portfolio are transferred to a Special Purpose Vehicle (SPV), except where the Bank provides sub-ordination of cash flows to Senior Pass-Through Certificate (PTC) holders by retaining the junior tranche of the securitised pool.

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/SPV. In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank also provides credit enhancement in the form of cash collaterals and/or by sub-ordination of cash flows to Senior PTC holders.

The Bank follows the standardized approach prescribed by the RBI for the securitisation activities.

Gain on securitisation is recognized over the period of the underlying securities issued by the SPV. Loss on securitisation is immediately debited to profit and loss account. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS 29 'Provisions, contingent liabilities and contingent assets'.

The Bank uses the ratings assigned by various external credit rating agencies viz. CRISIL, ICRA, Fitch and CARE for its securitisation exposures.

All transfers of assets under securitisation were effected on true sale basis. In the financial year ended 31 March 2010, the Bank has securitised Rs. 2,153.80 crores as an originator.

A. Banking Book

Details of Exposure Securitised by the Bank and subject to Securitisation Framework

(Rs. in crores)

Sr. No.	Type of Securitisation	Amount
1.	Total amount of exposures securitized	2,153.80
2.	Losses recognized by the Bank during the current period	NIL
3.	Amount of assets intended to be securitized within a year	-
	Of which	
	- Amount of assets originated within a year before securitization	NA
4.	Amount of exposures securitized	
	- Corporate Loans	2,153.80
5.	Unrecognised gain or losses on sale	
	- Corporate Loans	3.97

Aggregate amount of Securitisation Exposures retained or purchased as on 31 March 2010 is given below

(Rs. in crores)

Sr. No.	Type of Securitisation	On Balance Sheet (Amount)	Off Balance Sheet (Amount)
1.	Retained	-	-
2.	Securities purchased	-	-
3.	Liquidity facility	-	-
4.	Credit enhancement (cash collateral)	-	-
5.	Other commitments	-	-

Risk-weight wise Bucket Details of the Securitisation Exposures on the Basis of Book-Value

(Rs. in crores)

	Amount	Capital charge
Below 100% risk weight	-	-
100% risk weight	-	-
More than 100% risk weight	-	-
Deductions		
- Entirely from Tier I capital	-	-
- Credit enhancing I/Os deducted from Total Capital	-	-
- Credit enhancement (cash collateral)	-	-

B. Trading Book

Details of Exposure Securitised by the Bank and subject to Securitisation Framework

(Rs. in crores)

Sr. No.	Type of Securitisation	Amount
1.	Aggregate amount of exposures securitized by the Bank for which the Bank has retained some exposures and which is subject to the market risk approach	NIL

Aggregate amount of Securitisation Exposures retained or purchased as on 31 March 2010 is given below :

(Rs. in crores)

Sr. No.	Type of Securitisation	On Balance Sheet (Amount)	Off Balance Sheet (Amount)
1.	Retained	**5.14**	-
2.	Securities purchased		
	- Corporate Loans	**120.91**	-
	- Lease Rental	**221.03**	-
	- Retail Loans	**0.97**	-
	- Microfinance	**6.99**	-
3.	Liquidity facility	-	-
4.	Credit enhancement (cash collateral)	-	-
5.	Other commitments	-	

Risk-weight wise bucket details of the Securitisation Exposures on the Basis of Book Value

(Rs. in crores)

		Amount	Capital charge
1.	Exposures subject to Comprehensive Risk Measure for specific risk		
	- Retained	-	-
	- Securities purchased	-	-
2.	Exposures subject to the securitisation framework for specific risk		
	- Below 100% risk weight	348.05	17.15
	- 100% risk weight	6.99	0.75
	- More than 100% risk weight	-	-
3.	Deductions		
	- Entirely from Tier I capital	-	-
	- Credit enhancing I/Os deducted from Total Capital	-	-
	- Credit enhancement (cash collateral)	-	-

VIII. MARKET RISK IN TRADING BOOK

Market risk is the risk to the Bank's earnings and capital due to changes in the market level of interest rates, prices of securities, foreign exchange and equities, as well as the volatilities of those changes. The Bank is exposed to market risk through its trading activities, which are carried out both for customers and on a proprietary basis. The Bank adopts a comprehensive approach to market risk management for its trading, investment and asset/liability portfolios. For market risk management, the Bank uses:

Non-statistical measures like position, gaps and sensitivities (duration, PVBP, option greeks)
Statistical measures like Value at risk (VaR), supplemented by Stress Tests and Scenario Analysis

Risk limits such as position, gaps and sensitivities (duration, PVBP, option greeks) are set up according to a number of criteria including relevant market analysis, business strategy, management experience and the Bank's risk appetite. These limits are monitored on a daily basis and the exceptions are put up to ALCO. Risk limits are reviewed, at least, annually or more frequently, if deemed necessary, to maintain consistency with trading strategies and material developments in market conditions.

The Bank uses Historical Simulation and its variants for computing VaR for its trading portfolio. VaR is calculated at a 99% confidence level for a one-day holding period. The model assumes that the risk factor changes observed in the past are a good estimate of those likely to occur in the future and is, therefore, limited by the relevance of the historical data used. The Bank typically uses 500 days of historical data or two years of relative changes in historical rates and prices. The method, however, does not make any assumption about the nature or type of the loss distribution. The VaR models for different portfolios are back-tested at regular intervals and the results are used to maintain and improve the efficacy of the model. The VaR is computed on a daily basis for the trading portfolio and reported to the senior management of the Bank.

The VaR measure is supplemented by a series of stress tests and sensitivity analysis that estimates the likely behaviour of a portfolio under extreme but plausible conditions and its impact on earnings and capital. The Bank undertakes stress tests for market risks for its trading book, IRS, forex open position and forex gaps as well as for liquidity risk at the end of each quarter.

Concentration Risk

The Bank has allocated the internal risk limits in order to avoid concentrations, wherever relevant. For example, the Aggregate Gap Limit is allocated to various currencies and maturities as Individual Gap Limits to monitor concentrations. Within the overall PV01 limit, a sub limit is set up which is not expected to be breached by trades linked to any individual benchmark.

Liquidity Risk

Liquidity Risk is defined as the current and prospective risk to earnings or capital arising from a bank's inability to meet its current or future obligations on the due date. Liquidity risk is two-dimensional viz., risk of being unable to fund portfolio of assets at appropriate maturity and rates (liability dimension) and the risk of being unable to liquidate an asset in a timely manner at a reasonable price (asset dimension).

The Bank's ALM policy defines the gap limits for its structural liquidity position. The liquidity profile of the Bank is analyzed on a static basis by tracking all cash inflows and outflows in the maturity ladder based on the expected occurrence of cash flows. The liquidity profile of the Bank is also estimated on a dynamic basis by considering the growth in deposits and loans, investment obligations, etc. for a short-term period of three months. The Bank undertakes behavioral analysis of the non-maturity products viz. savings and current deposits and cash credit / overdraft accounts on a periodic basis, to ascertain the volatility of residual balances in those accounts. The renewal pattern and premature withdrawals of term deposits and drawdown of unavailed credit limits are also captured through behavioral studies. The concentration of large deposits is monitored on a periodic basis.

The Bank's ability to meet its obligations and fund itself in a crisis scenario is critical and accordingly, liquidity stress tests are conducted under different scenarios at periodical intervals to assess the impact on liquidity to withstand stressed conditions. The liquidity positions of overseas branches are managed in line with the Bank's internal policies and host country regulations. Such positions are also reviewed centrally by the Bank's ALCO along with domestic positions.

Counterparty Risk

The Bank has put in place appropriate guidelines to monitor counterparty risk covering all counterparty exposures on banks, primary dealers and financial institutions arising out of movement in market variables. Credit exposures to issuer of bonds, advances, etc. are monitored separately under the prudential norms for exposure to a single borrower as per the Bank's Corporate Credit Risk Policy or Investment Policy as applicable. Rating of counterparty banks, Primary Dealers and NBFCs and sanctioning of limits are done as per suitable rating Model laid down by the Bank. The Bank has also put in place the “Suitability & Appropriateness Policy” and Loan Equivalent Risk (LER) Policy to evaluate counterparty risk arising out of all customer derivatives contracts.

Country Risk

The Bank has put in place a risk monitoring system for the management of country risk. The Bank uses the seven-category classification i.e. insignificant, low, moderate, high, very high, restricted and off-credit followed by the Export Credit Guarantee Corporation Ltd. (ECGC) and ratings of international rating agency Dun & Bradstreet for monitoring the country exposures. The categorization of countries are undertaken at monthly intervals or at more frequent intervals if the situation so warrants. Exposure to a country includes all credit-related lending, trading and investment activities, whether cross border or locally funded. The Bank has set up exposure limits for each risk category as also per country exposure limits and are monitored at weekly intervals. In addition exposures to high risk, very high risk, restricted and off-credit countries are approved on a case to case basis.

Risk Management Framework for Overseas Operations

The Bank has put in place a comprehensive Risk Management Policy for its global operations, which presently includes branches in Singapore, Hong Kong, and Dubai. It has also formulated country-specific risk policy based on the host country regulators' guidelines. The Asset Liability Management and all the risk exposures for the overseas operations are monitored centrally at the Central Office.

Capital Requirement for Market Risk - Position as on 31 March 2010

(Rs. in crores)

	Amount of Capital Required
- Interest rate risk	851.99
- Equity position risk	29.11
- Foreign exchange risk (including gold)	127.62

IX. OPERATIONAL RISK

Strategies and Processes

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. Operational risk management (ORM) framework, ORM policy, operational risk loss data collection methodology, risk & control self-assessment framework, key risk indicator framework, roles & responsibilities of ORM function have been approved by the Bank to ensure that operational risk within the Bank is properly identified, assessed, monitored, controlled/mitigated and reported in a structured manner.

Based on the above policy/framework/methodologies, the Bank has initiated several measures to manage operational risk. The Bank has put in place a hierarchical structure to effectively manage operational risk through the formation of several internal committees viz., Operational Risk Management Committee (ORMC), Product Management Committee (PMC), Change Management Committee (CMC), Outsourcing Committee, Software Evaluation Committee and IT Security Committee. The functioning of these committees has stabilised. The Risk Department acts as the convenor of ORMC, PMC and CMC and is a member in Outsourcing Committee, Software Evaluation Committee and IT Security Committee.

The Bank has further enhanced its capability for effective management of operational risk with the implementation of a software solution (OR Monitor) which creates a database on loss events experienced by the different business lines of the Bank, identify areas which show manifestation of weak controls through Risk & Control Self Assessment (RCSA) and Key Risk Indicator (KRI) modules, and over a period would enable the Bank to adopt sophisticated approaches for the computation of capital for operational risk.

Structure and Organization

The Risk Management Committee (RMC) of the Board at the apex level is the policy making body. RMC is supported by the Operational Risk Management Committee (ORMC), consisting of Senior Management personnel, which is responsible for implementation of the Operational Risk policies of the Bank. This internal committee supervises effective monitoring of operational risk and the implementation of software driven framework for enhanced capability to manage operational risk. A sub-committee of ORMC (Sub-ORMC) has been constituted to assist the ORMC in discharging its functions by deliberating the operational risk issues in detail and escalating the critical issues to ORMC.

Scope and Nature of Operational Risk Reporting and Measurement Systems

A systematic process for reporting risks, losses, “near misses” and non-compliance issues relating to operational risks has been developed and implemented. The information gathered is being used to develop triggers to initiate corrective actions to improve controls. All critical risks and potential loss events would be reported to the Senior Management/ORMC/RMC as appropriate, for their directions and suggestions.

Policies for Hedging and Mitigating Operational risk

An Operational Risk Management Policy approved by the Risk Management Committee of the Board details the framework for hedging and/or mitigating operational risk in the Bank. Business units put in place basic internal controls as approved by the Product Management Committee to ensure appropriate controls in the operating environment throughout the Bank. As per the policy, all new products are being vetted by the Product Management Committee to identify and assess potential operational risks involved and suggest control measures to mitigate the risks. Each new product or service introduced is subject to a risk review and signoff process where all relevant risks are identified and assessed by departments independent of the risk-taking unit proposing the product. Similarly, any changes to the existing products/ processes are being vetted by the Change Management Committee. In addition to the above, the business departments submit Action Taken Reports, after implementation of the product, to the Product Management Committee for their review. The product is also independently reviewed by the Inspection & Audit Department of the Bank.

Approach for Operational Risk Capital Assessment

As per the RBI guidelines, the Bank has followed the Basic Indicator Approach for the year ending 31 March 2010. The Bank is also ready for computation of capital charge for operational risk under the Standardised Approach. The Bank has put in place a structure for identifying gaps in internal controls across the entire Bank. Simultaneously, the Bank is preparing itself for migration to the Advanced Measurement Approach. The Bank has procured a web-based solution i.e. OpRisk Monitor from M/s SAS for assessing/ measuring and monitoring the operational risk issues.

X. INTEREST RATE RISK IN THE BANKING BOOK

The Bank assesses its exposure to interest rate risk in the banking book at the end of each quarter considering a drop in market value of investments with 50 bps change in interest rates. Calculation of interest rate risk in the banking book (IRRBB) is based on a present value perspective with cash flows discounted at zero coupon yields published by National Stock Exchange (NSE) for domestic balance sheet and USD LIBOR for overseas balance sheet. Other currencies are taken in equivalent base currencies (INR for domestic books and USD for overseas branches) as the Bank does not have material exposures to other currencies as a percentage of the balance sheet. Cash flows are assumed to occur at the middle of the regulatory buckets. Non-interest sensitive products like cash, current account, capital, volatile portion of savings bank deposits, etc. are excluded from the computation. The Bank does not run a position on interest rate options that might result in non-linear pay-off. Future interest cash flows from outstanding balances are included in the analysis.

The Earnings at Risk (EaR) measures the sensitivity of net interest income to parallel movement in interest rates on the entire balance sheet, and is reported to the senior management on a weekly basis.

Details of increase (decline) in earnings and economic value for upward and downward rate shocks based on balance sheet as on 31 March 2010 are given below:

Earnings Perspective

(Rs. in crores)

Country	**Interest Rate Shock**	
	0.50%	**(-) 0.50%**
India	(32.53)	32.53
Overseas	15.19	(15.19)
Total	**(17.34)**	**17.34**

Economic Value Perspective

(Rs. in crores)

Country	**Interest Rate Shock**	
	0.50%	**(-) 0.50%**
India	(138.86)	138.44
Overseas	64.82	(67.53)
Total	**(74.04)**	**70.91**

Bank's Network : List of Centres

AS ON 31st MARCH 2010

State/ UT	Centre
Andaman & Nicobar	Port Blair
Andhra Pradesh	Adilabad
	Alamuru
	Anantapur
	Bapatla
	Chillakallu
	Chinnamiram
	Chirala
	Chittoor
	Edarapalli
	Eluru
	Gachibowli
	Gajuwaka
	Gudivada
	Guntur
	Hindupur
	Hyderabad
	Jangareddigudem
	Kakinada
	Kamareddy
	Karimnagar
	Khammam
	Kompally
	Kukatpally
	Kurnool
	Machilipatnam
	Mahbubnagar
	Miryalguda
	Muthukur
	Nalgonda
	Nandyal
	Narasaraopet
	Nellore
	Nizamabad
	Ongole
	P L Puram
	Paidiparru
	Patancheru
	Poolapalle
	Proddatur
	Rajahmundry
	Ramagundam
	Repalle
	Shamshabad
	Srikakulam
	Tadepalligudem
	Tenali
	Tirupati
	Uppal Kalan
	Vijayawada
	Visakhapatnam
	Vizianagaram
	Warangal
Arunachal Pradesh	Itanagar
Assam	Barpeta Road
	Bongaigaon
	Dibrugarh
	Goalpara
	Golaghat
	Guwahati
	Jorhat
	Karimganj
	Mangaldoi
	Nagaon
	Noonmati
	North Lakhimpur
	Sibsagar
	Silchar
	Tezpur
	Tinsukia
Bihar	Begusarai
	Bettiah
	Bhagalpur
	Biharsharif
	Darbhanga
	Gaya
	Gopalganj
	Hajipur
	Katihar
	Kishanganj
	Muzaffarpur
	Patna
	Purnia
	Siwan
Chandigarh	Chandigarh
	Manimajra
Chattisgarh	Ambikapur
	Bhatapara
	Bhilai
	Bilaspur
	Champa
	Dhamtari
	Durg
	Jagdalpur
	Kawardha
	Korba
	Mahasamund
	Manendragarh
	Raigarh
	Raipur
	Rajnandgaon
Dadra & Nagar	Silvassa
Daman & Diu	Daman
Delhi	Delhi
Goa	Candolim
	Mapusa
	Margao
	Panaji
	Ponda
	Vasco
Gujarat	Ahmedabad
	Amreli
	Anand
	Ankleshwar
	Atul
	Bardoli
	Bharuch
	Bhavnagar
	Bhuj
	Bopal
	Chandlodiya
	Chhatral
	Dahej
	Dahod
	Deesa
	Dhoraji
	Gandhidham
	Gandhinagar
	Godhra
	Gondal
	Halol
	Himatnagar
	Idar
	Jamnagar
	Junagadh
	Kalol
	Madhapar
	Mahuva
	Mehsana
	Metoda
	Morbi
	Mundra
	Nadiad
	Naranpar
	Navsari
	Palanpur
	Patan
	Pipavav
	Porbandar
	Rajkot
	Rajpipla
	Surat
	Surendranagar
	Umbergaon
	Unjha
	Vadodara
	Vallabh
	Vidyanagar
	Valsad
	Vapi
	Vejalpur
	Veraval
	Visnagar
	Vyara
Haryana	Ambala
	Bahadurgarh
	Bhiwani
	Cheeka
	Faridabad
	Fatehabad
	Gurgaon
	Hissar
	Jhajjar

State/ UT	Centre
	Jind
	Kaithal
	Kalka
	Karnal
	Kurukshetra
	Manesar
	Narnaul
	Palwal
	Panchkula
	Panipat
	Rewari
	Rohtak
	Sadaura
	Safidon
	Sirsa
	Sonipat
	Tohana
	Yamunanagar
Himachal Pradesh	Baddi
	Shimla
	Solan
	Una
Jammu & Kashmir	Jammu
	Srinagar
Jharkhand	Bokaro
	Deoghar
	Dhanbad
	Dumka
	Giridih
	Hazaribagh
	Jamshedpur
	Ramgarh
	Ranchi
Karnataka	Athni
	Bagalkot
	Bangalore
	Belgaum
	Bellary
	Bidadi
	Bidar
	Bijapur
	Chamarajanagar
	Chickmagalur
	Chikodi
	Chitradurga
	Davangere
	Gadag
	Gangawati
	Gokak
	Gulbarga
	Hassan
	Hospet
	Hubli-Dharwad
	Jamkhandi
	Karwar
	Kolar
	Koppal
	Kushalnagar
	Mandya
	Mangalore
	Manvi
	Marlanhalli
	Mysore

State/ UT	Centre
	Puttur
	Raichur
	Ranibennur
	Saidapur
	Shimoga
	Sindhnur
	Sirsi
	Siruguppa
	Tumkur
	Udupi
Kerala	Alappuzha
	Aluva
	Attingal
	Calicut (Kozhikode)
	Irinjalakuda
	Kannur
	Kasargod
	Kazhakuttam
	Kochi
	Kollam
	Kottayam
	Malappuram
	Mavelikkara
	Palai
	Palakkad
	Pathanamthitta
	Perumbavoor
	Sulthanbathery
	Thalassery
	Thiruvananthapuram
	Thodupuzha
	Thrippunithura
	Thrissur
	Tiruvalla
	Vadakara
Madhya Pradesh	Bhopal
	Burhanpur
	Chhatarpur
	Chhindwara
	Damoh
	Dewas
	Gawli Palasia
	Guna
	Gwalior
	Harda
	Hoshangabad
	Indore
	Itarsi
	Jabalpur
	Katni
	Khandwa
	Khargone
	Mandsaur
	Neemuch
	Pipariya
	Pithampur
	Ratlam
	Rewa
	Sagar
	Satna
	Sehore
	Seoni
	Shahdol
	Shivpuri

State/ UT	Centre
	Sidhi
	Ujjain
	Vidisha
	Waidhan
Maharashtra	Ahmednagar
	Akola
	Ambernath
	Amravati
	Aurangabad
	Baramati
	Bhandara
	Bhiwandi
	Buldhana
	Chakan
	Chalisgaon
	Chandrapur
	Chiplun
	Devalali
	Dhule
	Dindori
	Dombivali
	Gondia
	Hinjewadi
	Ichalkaranji
	Islampur
	Jalgaon
	Jalna
	Kalyan
	Karad
	Khed-Shivapur
	Kolhapur
	Lasalgaon
	Latur
	Mira-Bhayander
	Miraj
	Mumbai
	Nagpur
	Nalasopara
	Nanded
	Nandurbar
	Nashik
	Navi Mumbai
	Osmanabad
	Panvel
	Pen
	Pimpalgaon
	Pimpri Chinchwad
	Pune
	Rahuri-Khurd
	Ratnagiri
	Sangli
	Satara
	Shikrapur
	Shirdi
	Solapur
	Tasgaon
	Thane
	Ulhasnagar
	Vasai
	Virar
	Wardha
	Washim
	Yavatmal
	Yewat

State/ UT	Centre
Manipur	Imphal
Meghalaya	Jowai Shillong Tura
Mizoram	Aizawl
Nagaland	Dimapur Kohima Mokokchung
Orissa	Angul Balasore Barbil Bargarh Baripada Berhampur(Ganjam) Bhadrak Bhawanipatna Bhubaneswar Bolangir Chandikhole Cuttack Dhenkanal Jagatpur Jajpur Jatni Jeypore Jharsuguda Kendrapara Keonjhar Nawapara (Nuapada) Nayagarh Paradip Puri Rayagada Rourkela Sambalpur Sundargarh Talcher
Pondicherry	Pondicherry
Punjab	Abohar Adda Dhaka Amloh Amritsar Bagha Purana Banga Barnala Batala Bathinda Begowal Derabassi Devigarh Faridkot Ferozepur Garhshankar Gehri Mandi Gobindgarh Gurdaspur Hoshiarpur Jagraon Jalandhar Kapurthala Khanna Kotkapura Ludhiana Malerkotla Malout Mansa Moga Mohali Muktsar Nabha Nakodar Nawanshahr Pathankot Patiala Patti Phagwara Phullanwala Rajpura Rayya Rupnagar Samana Sangrur Sri Hargobindpur Sudhar Tarn Taran Threeke Urmar Tanda
Rajasthan	Ajmer Alwar Balotra Banswara Bharatpur Bhilwara Bhiwadi Bikaner Bundi Chittaurgarh Dausa Ganganagar Hanumangarh Jaipur Jhunjhunu Jodhpur Kota Pali Rawatbhata Sikar Udaipur
Sikkim	Gangtok Namchi Rangpo
Tamil Nadu	Ambattur Arni Attur Chengalpattu Chennai Chidambaram Coimbatore Cuddalore Cumbum Dharmapuri Dindigul Eraiyur Erode Hosur Ilanji Irungattukottai Kancheepuram Karaikudi Karur Kumbakonam Labbaikudikadu Madurai Maduranthakam Mayiladuthurai Medavakkam Mettupalayam Nagercoil Omalur Ooty Pallavaram Perambalur Pollachi Pudukkottai Rajapalayam Ramanathapuram Rasipuram Salem Sathyamangalam Sivakasi Thanjavur Theni Thirukarungudi Thiruvallur Tiruchengode Tiruchirapalli Tirunelveli Tirupur Tiruvannamalai Tuticorin Vellore Villupuram Virudhunagar
Tripura	Agartala Dharmanagar
Uttar Pradesh	Agra Aligarh Allahabad Azamgarh Badaun Baghpat Bahraich Ballia Barabanki Bareilly Basti Bijnor Bulandshahr Chandausi Deoria Etah Etawah Faizabad Farrukhabad Firozabad Ghaziabad Gonda Gorakhpur

State/ UT	Centre
	Hapur
	Hardoi
	Jaunpur
	Jhansi
	Kannauj
	Kanpur
	Kosikalan
	Lakhimpur-Kheri
	Lucknow
	Mainpuri
	Mathura
	Meerut
	Mirzapur
	Moradabad
	Muzaffarnagar
	Najibabad
	Noida
	Pilibhit
	Rae Bareli
	Rampur
	Saharanpur
	Shahjahanpur
	Sitapur
	Sultanpur
	Unnao
	Varanasi
	Vrindavan
Uttarakhand	Bazpur
	Dehradun
	Haridwar
	Kashipur
	Mussoorie
	Pandri
	Rishikesh
	Roorkee
	Rudrapur
	Talli Haldwani
West Bengal	Alipurduar
	Amtala
	Andul
	Arambagh
	Asansol
	Bagnan
	Baharampur
	Balurghat
	Bankura
	Barrackpore
	Baruipur
	Basirhat
	Bolpur
	Bongaon
	Burdwan
	Chandernagore
	Chinsurah
	Contai
	Dalkhola
	Dankuni
	Darjeeling
	Diamond Harbour
	Dum Dum
	Durgapur
	Fulia
	Habra

State/ UT	Centre
	Haldia
	Howrah
	Jalpaiguri
	Kalimpong
	Kalna
	Kalyani
	Katwa
	Kharagpur
	Koch Bihar
	Kolkata
	Konnagar
	Krishnanagar
	Madhyamgram
	Mahestala
	Malda
	Memari
	Medinipur
	Nabapally
	Naihati
	Panihati
	Puruliya
	Raiganj
	Rajarhat
	Rishra
	Serampore
	Siliguri
	Singur
	Suri
	Tamluk
Grand Total	643
Overseas	Singapore
	Hong Kong
	Dubai
	Shanghai

Accolades earned this year

business today

Best Bank Awards

India's Best Bank
India's Fastest Growing Bank
India's Most Consistent Bank

BusinessWorld

Best Bank Awards

Fastest Growing Large Bank

D&B

Best Bank Awards

Best Private Bank

ET Intelligence Group

Best Bank 2009

fe India's Best Banks Awards

Best New Private Sector Bank
Rank I

Forbes

The Best of Asia Pacific's
Biggest Listed Company

Hindustan Times-MaRS Survey

Best Bank

Overall Experience with
Bank Staff, Rank 1

Overall Branch Facilities, Rank 1

Experience with Bank
Account Statements, Rank 1

Hindustan Times-MaRS Survey

Best Bank

Overall Experience with
Bank Staff, Rank 1

Overall Branch Facilities, Rank 1

Experience with Bank
Account Statements, Rank 1

NDTV PROFIT

Business Leadership
— Awards 2009 —

Best Bank, Private Sector

NDTV PROFIT

Business Leadership
— Awards 2009 —

Best Bank, Private Sector

TALISMA

Customer Appreciation Award 2009

TALISMA

Customer Appreciation Award 2009

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