

COMPANY REGISTRATION NUMBER 07554558

AXIS UK LIMITED
FINANCIAL STATEMENTS
31 MARCH 2013

AXIS UK LIMITED
FINANCIAL STATEMENTS
AS AT 31 MARCH 2013

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AXIS UK LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 MARCH 2013

Company registration number **07554558 dated 7 March 2011**

The board of directors

Shikha Sharma
Chairperson

Varadarajan Srinivasan
Non Executive Director

Somnath Sengupta
Non Executive Director

Michael Thomas Folger
Non Executive Director

David Budd
Non Executive Director

Cyril Anand Madireddi
Managing Director & CEO

Martin Say
Executive Director – Risk and Compliance
(Appointed on 14 August 2012)

Company secretary **Kanchan Dasgupta**

Registered office Roxburghe House 1st Floor
273/287 Regent Street
London W1B 2HA

Auditor **King and King**
Chartered Accountants and Statutory Auditor
Roxburghe House 1st Floor
273/287 Regent Street
London W1B 2HA

AXIS UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2013

The directors have pleasure in presenting the annual report and the audited financial statements for the year ended 31 March 2013. These financial statements have been prepared in accordance with the Companies Act 2006 and applicable International Financial Reporting Standards as endorsed by the European Union.

Results and dividends

The company did not trade during the year. It earned no income nor incurred any expenditure during the year. Accordingly, it did not have any distributable reserves as at 31 March 2013. The directors do not propose any dividends.

Principal activity and review of the business

Axis U.K. Limited is a wholly owned subsidiary of Axis Bank Limited India (Axis Bank). Axis Bank is one of the leading private sector banks in India. It has a diversified business model encompassing corporate banking, treasury, business banking, investments and retail banking. Axis Bank commenced operations in April 1994 and over the last nineteen years it has grown both in terms of the size of its asset base and its physical network of branches, extension counters and ATMs. Axis Bank has experienced significant growth while maintaining stable asset quality and enhancing its low-cost funding structure. At 31 March 2013, Axis Bank had a network of 1,938 branches and extension counters (31 March 2012: 1,622) spread over 1,264 centres and towns in India (31 March 2012: 1,050). In addition, Axis Bank had a network of 11,245 ATM's (31 March 2012: 9,924). Axis Bank also has four branches and three representative offices in overseas locations. Axis Bank also offers telephone banking in various cities, mobile banking as well as internet banking facilities. These and other resources give the bank the capability to deliver a broad range of banking products through multiple delivery channels that enhance convenience for customers. As at 31 December 2012, Axis Bank had an asset base of \$ 57.99 billion (31 December, 2011: \$50.71 billion).

As on 31 March 2013, Axis U.K. Limited has not yet commenced operations. The company has applied to the United Kingdom financial regulator, The Financial Services Authority (FSA) / The Prudential Regulatory Authority (PRA), for a licence to commence banking operations in the United Kingdom. The company has made substantial progress on the application submitted to the FSA / PRA and the directors believe that the company will be in a position to start banking operations soon, subject to FSA / PRA approval.

Financial results

The financial statements for the reporting year ended 31 March 2013 are shown on pages 9 to 19.

Financial risk management objectives and policies

The company will be subject to various operational and market risks in its day-to-day operations once it commences trading and will formulate objectives and policies regarding financial risk, including the use of financial instruments.

Going concern basis

The company is dependent upon its parent organisation Axis India for financial support until such time that it commences operations. The directors are of the opinion that it is appropriate to use the going concern basis in preparing these financial statements.

AXIS UK LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2013

Capital structure

The company has an issued share capital of £1 in form of 1 ordinary share of £1 each.

Key performance indicators

Since the company has not yet started trading, disclosure of key performance indicators is not considered necessary for these financial statements.

Future developments

Receipt of regulatory approval

The company has already received the 'Minded to Authorise' letter from the UK financial regulator. It is expected that the final authorisation to commence banking will be received soon after receipt of capital.

Receipt of Tier I and Tier II capital

By April 2013 the company is expected to have in place its Tier I and Tier II capital.

Proposed name

Post regulatory approval, the status of the company will change to a bank and it is proposed to change the name of the company to 'Axis Bank UK Limited' subject to Board approval.

Change in principal activity

The principal activity will also change to providing a wide range of banking and financial services including corporate and commercial banking, trade finance, treasury services and retail banking.

Change in functional currency

Following the change in the principal activity, both the functional and the reporting currencies will be changed to USD from GBP; as a majority of the transactions will be carried out in USD.

Charitable donations

The company made no charitable donations during the year.

Directors

The current directors are listed on page 2.

Statement as to disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this annual report confirms that:

- So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- The director has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

AXIS UK LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2013

Elective resolutions

The company, being wholly-owned by Axis Bank Limited, India (Axis Bank), a company registered in India, has elected to dispense with the requirement to hold annual general meetings, lay Directors' reports and financial statements before a general meeting and re-appoint its auditor annually.

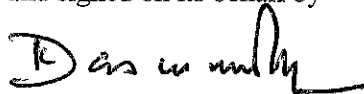
Auditor

King and King, Chartered Accountants is the external auditor for the Bank.

General meetings

In accordance with the Companies Act 2006 the company is not required to hold an annual general meeting.

Approved by the board on 10 April 2013
and signed on its behalf by



Kanchan Dasgupta
Company Secretary

Company number: 07554558

AXIS U.K. LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2013

The Directors are responsible for preparing the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors have elected to prepare group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that the directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

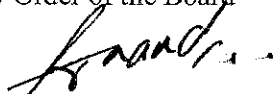
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm to the best of our knowledge:

1. The financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
2. The management report, which is incorporated into the Directors' Report includes a fair review of the development and performance of the business and the position of the company together with a description of the principal risks and uncertainties that they face.

By Order of the Board



Cyril Anand Madireddi
Managing Director & CEO

10 April 2013

AXIS UK LIMITED

Independent auditor's report to the shareholders of Axis UK Limited FOR THE YEAR ENDED 31 MARCH 2013

We have audited the financial statements of Axis UK Limited for the year ended 31 March 2013 which comprise the income statement, statement of comprehensive income, statement of changes in equity, statement of financial position, statement of cash flows and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2013 and of the result for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

AXIS UK LIMITED

Independent auditor's report to the shareholders of Axis UK Limited FOR THE YEAR ENDED 31 MARCH 2013

Continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

King and King

Rajendrakumar C Patel FCA
(Senior Statutory Auditor)
For and on behalf of King and King
Chartered Accountants and Statutory Auditor
London, United Kingdom

10 April 2013

AXIS U.K. LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 £	2012 £
Income		Nil	Nil
Expense		Nil	Nil
		<u>Nil</u>	<u>Nil</u>
Other operating income		Nil	Nil
Marketing costs		Nil	Nil
Administrative expenses		Nil	Nil
		<u>Nil</u>	<u>Nil</u>
Provision on impaired assets		Nil	Nil
		<u>Nil</u>	<u>Nil</u>
Profit before taxation	4	Nil	Nil
Income tax expense		Nil	Nil
Profit after tax		Nil	Nil

The company did not trade during the year and did not earn any income nor incurred any expenditure during the period.

The notes on pages 14 to 19 form part of these financial statements

AXIS U.K. LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2013

	2013	2012
	£	£
Profit for the year	<u>Nil</u>	<u>Nil</u>
Total comprehensive income for the year	<u>Nil</u>	<u>Nil</u>

There were no matters to be included in the statement of comprehensive income for the year.

The notes on pages 14 to 19 form part of these financial statements

AXIS U.K. LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2013

	Issued capital £	2013 Total equity £	2012 Total equity £
31.3.2013			
Balance at 1 April 2012	1	1	-
New issue of share capital		-	1
Balance at 31 March 2013	<u>1</u>	<u>1</u>	<u>1</u>

The notes on pages 14 to 19 form part of these financial statements

AXIS U.K. LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013

	Notes	2013 £	2012 £
Assets			
Non Current Assets			
Property, plant and equipment	8	1,718,931	987,898
Current Assets			
Other receivables	12	258,353	3,758
Cash and cash equivalents	13	148,011	38,555
		<u>406,364</u>	<u>42,313</u>
Total Assets		<u>2,125,295</u>	<u>1,030,211</u>
Equity			
Issued Capital and Reserves			
Issued share capital	14	<u>1</u>	<u>1</u>
Total Equity		<u>1</u>	<u>1</u>
Non Current Liabilities			
Current Liabilities			
Other payables	17	<u>2,125,294</u>	<u>1,030,210</u>
		<u>2,125,294</u>	<u>1,030,210</u>
Total Equity and Liabilities		<u>2,125,295</u>	<u>1,030,211</u>

The financial statements were approved by the Board of Directors and authorised for issue on 10 April 2013.



Cyril Anand Madireddi

Managing Director & CEO

Company Registration No 07554558

The notes on pages 14 to 19 form part of these financial statements

AXIS U.K. LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2013

	2013 £	2012 £
Cash flows from Operating Activities:	Nil	Nil
Adjustments to reconcile profit from operations	-	-
Adjustments to reconcile profit from operations:		
Non-cash adjustments	-	-
Cash flows before changes in working capital	-	-
Increase in working capital:		
Increase in other receivables	(254,595)	(3,758)
Increase in other payables	1,095,084	1,030,210
Increase in working capital	840,489	1,026,452
Cash flows from operating activities	840,489	1,026,452
Cash flows used in other operating activities	-	-
Net cash flows from operating activities (A)	840,489	1,026,452
Cash flows from investing activities:		
Payments to acquire property, plant and equipment	(731,033)	(987,898)
Net cash flows used in investing activities (B)	(731,033)	(987,898)
Cash flows from financing activities:		
Gross proceeds from issue of equity share capital	-	1
Net cash flows from financing activities (C)	-	1
Net increase in cash and cash equivalents (A+B+C)	109,456	38,555
Cash and cash equivalent at 1 April 2012	38,555	-
Cash and cash equivalents as at 31 March 2013 (note 13)	148,011	38,555

The notes on pages 14 to 19 form part of these financial statements

AXIS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013

1. Authorisation of financial statements and statement of compliance with IFRS's

The company's financial statements for the year were authorised for issue on 10 April 2013. Axis UK Limited is a limited company incorporated and domiciled in the United Kingdom.

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the company are set out in note 2.

Adoption of new and revised standards

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the company.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- Amendment to IAS 1 (revised June 2011) – Presentation of Financial statement regarding Other Comprehensive Income.
- IAS 19 (revised June 2011) – Employee Benefits
- Amendments to IAS 32 (December 2011) – Financial Instruments Presentation – Amendments to Application Guidance on the Offsetting of Financial Assets and Financial Liabilities
- Amendments to IFRS 7 Disclosures – Transfers of Financial Assets
- IFRS 9 Financial Instruments – Classification and Measurement of Financial assets and – Accounting for Financial Liabilities and De-recognition
- IFRS 13 – Fair Value Measurements
- Amendments to IAS 16 – Property plant and equipment

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements in the period of its initial application.

Critical accounting judgements and key sources of estimation uncertainty

In application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources and may make necessary provisions in accordance with their assumptions. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. In particular, loan impairment is a key area for the bank which is subject to critical accounting estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods

AXIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2013

Going Concern Basis

The company is dependent upon its parent organisation Axis Bank Limited for financial support until such time that it commences operations. The directors are of the opinion that it is appropriate to use the going concern basis in preparing these financial statements.

2. Accounting policies

As the company did not commence to trade during the year and has no certain date by which it will do so, the accounting policies in respect of the operations are not disclosed. However, the company will evolve appropriate policies before it commences to trade. The following policies apply to these financial statements.

- **Property, plant and equipment**

Depreciation for plant and equipment is calculated only for assets deployed in the company's operations. Where such assets are acquired or are in the process of being acquired but pending deployment, no depreciation is charged as provided in IAS 16:55.

- **Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents are defined to include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition, and include cash, notes and coin, treasury bills and other eligible bills, loans and advances to banks, and certificates of deposit.

- **Other liabilities**

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

- **Lessees – operating leases**

Operating lease commitments are recognised as an expense of the operation in the income statement amortised on a straight line basis over the term of the lease.

3. Operating segments

The company, not having traded to date, does not have any operating segments. It intends to evolve and disclose segmental analysis if applicable.

4. Operating profit

Operating profit is stated after charging/(crediting) the following:

	2013	2012
	£	£
Auditor's remuneration - audit services	4,000	4,000
Auditor's remuneration - non-audit services	3,200	2,000
	<u>7,200</u>	<u>6,000</u>

As the company did not trade during the period, the auditor's remuneration will be borne by the parent company as disclosed in note 11. This note is for disclosure purposes only.

AXIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2013

5. Employee expenses

	2013	2012
	£	£
Wages and salaries	993,119	201,843
Social security costs	77,760	7,539
	<u>1,070,879</u>	<u>209,382</u>

There are no share based payments by Axis U.K Limited.

The average monthly number of employees during the year was made up as follows:

	2013	2012
	No.	No.
Administration /Directors	10	4
Sales and marketing	-	-
	<u>10</u>	<u>4</u>

As the company did not trade during the period, the employees' remuneration was borne by the parent company as disclosed in note 11. This note for disclosure purposes only

6. Director's emoluments

	2013	2012
	£	£
Emoluments	<u>475,109</u>	<u>163,333</u>
The emoluments of directors disclosed above include the following in respect of the highest paid director.	<u>276,624</u>	<u>138,602</u>
Contributions to money purchase pension schemes	<u>4,924</u>	-
Number of Director in the money purchase pension scheme was	<u>1</u>	-

As the company did not trade during the period, the directors emoluments were borne by the parent company as disclosed in Note 11. This note is for disclosure purposes only.

7. Income tax

The company suffered no income tax during the period. Following the Budget on 20 March 2013 the rate of corporation tax for the year commencing 1 April 2013 will be reduced to 23% with an expected reduction of 1% from 1 April 2014. A further reduction of 2% is expected from 1 April 2015.

AXIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2013

8. Property, plant and equipment At 31 March 2013

	Plant and Equipment £	Total £
At 1 April 2012	987,898	987,898
Additions	732,635	732,635
Fully written off	(1,602)	(1,602)
At 31 March 2013	<u>1,718,931</u>	<u>1,718,931</u>
Depreciation		
At 1 April 2012		
Charge for year	-	-
At 31 March 2013	<u>-</u>	<u>-</u>
Net book value		
At 1 April 2012	<u>987,898</u>	<u>987,898</u>
At 31 March 2013	<u>1,718,931</u>	<u>1,718,931</u>

The company's assets noted above were not deployed pending clearance from the UK regulator to commence to trade. Accordingly, the assets have not been depreciated.

9. Financial risk management objectives and policies

Upon receiving clearance from regulators, the company will implement appropriate financial risk management objectives and policies as required. As the company has not traded during the year, no disclosures under this heading are considered necessary

10. Loans and receivables

The company had no loans or other receivables at the year end.

AXIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2013

11. Related party transactions

Ultimate controlling party

The ultimate controlling party of the company is Axis Bank Limited India a private sector bank incorporated in India and which is both the immediate parent company and ultimate controlling party. The consolidated financial statements of Axis Bank Limited India are publicly available at Trishul 3rd Floor, Opp Samartheshwar Temple, Law Garden, Ellis Bridge, Ahmedabad 380006, India.

Related parties

The company regards Axis Bank Ltd, registered in India, as being a related party in view of its 100% shareholding in the company.

The company's start up costs for the period was borne by Axis Bank Limited and will continue to do so until commencement of operations. Total of the amount disbursed by the holding company during the year was £2,046,108 (2012 - £1,265,993) and as at 31 March 2013 the company owed Axis Bank Limited the sum of £1,846,941 (2012 - £1,020,539) as shown in note 17. Also, as stated in note 4 the auditors remuneration will be borne by Axis Bank Limited. Included in the total amount spent, are the amounts for employees' costs including directors' emoluments stated in notes 5 and 6.

12. Other receivables

	2013 £	2012 £
Other receivables	258,353	3,758

13. Cash and cash equivalents

	2013 £	2012 £
Cash on hand	-	-
Cash at bank	148,011	38,555

14. Share capital

Issued share capital

	2013 £	2012 £
Issued and fully paid		
Ordinary shares of £1 each		
At start of period 1 April 2012	1	-
New Issue of Share Capital		1
At end of year 31 March 2013	1	1

All issued share capital is classified as equity.

AXIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 MARCH 2013

15. Reserves

31 March 2013

As at 1 April 2012
Movement during the period
As at 31 March 2013

Profit &
Loss Account
£
-
-
Nil

16. Financial liabilities

There were no financial liabilities at the year end

17. Other payables

	2013	2012
	£	£
Amounts payable to holding company	1,846,941	1,020,539
Provision for expenses	232,370	-
PAYE	45,983	9,671
	<u>2,125,294</u>	<u>1,030,210</u>

18. Operating lease commitments

The company had the following operating lease commitments at the year end.

	2013	2012
	£	£
Within one year	20,937	-
Within two to five years	372,471	-
	<u>393,408</u>	<u>-</u>

19. Other commitments and contingencies

The company had no other commitments and contingencies at the year end.

20. Events after the balance sheet date

There have been no reportable events after the balance sheet date.