AXIS BANK

14th Annual Report 2007-2008

For geometers, an axis is a line of reference around which all else is measured.
For physicists, an axis is a line of stability around which the spheres revolve.

The chrysalis gives way to the caterpillar which transforms into the butterfly.

CONTENTS

The lead medium was television, and the campaign (by focusing on twins) created a huge salience for the brand change.

CHAIRMAN & CEO'S LETTER TO THE SHAREHOLDERS

In July last year, your Bank was renamed Axis Bank. This necessitated the creation of a new brand, as the earlier brand had been inherited while the new brand is our very own. *Rebranding the Bank* is therefore the theme of this Report, and in several pages we recreate a feel for the advertising and communication campaign that we ran to nurture the new brand and to familarise all our stakeholders with it. We wrote to or met with our shareholders, important customers and alliance partners, and our employees to emphasise that we would continue to build on the demanding standards of banking excellence which we had earlier set ourselves.

Rebranding the Bank has certainly been good for our business. Customer acquisition over the last year has been strong, growing 67% to over 99 lakh customer accounts. We have a sense of being very competitively positioned in several of our businesses. Low cost savings and current account deposits grew 71%, advances rose 62% and the size of the balance sheet went up 50%. As the year ended we realised that we had scaled two benchmarks - our net profit for the year crossed Rs.1,000 crores, while the balance sheet size rose to over Rs.100,000 crores. Such is the power of decimalisation!

But while these initial steps have been successful, the new brand will prove transformational only if the Bank builds on its existing strengths to redefine the style and content of the banking business. While we believe, at this juncture, that we have the capabilities and the promise to do so, our success in this will eventually determine the extent of shareholder value we are able to create.

P. J. Nayak
Chairman & CEO

Cricket was used as a prominent advertising vehicle where the new brand appeared during live match telecasts.

BOARD OF DIRECTORS

P. J. Nayak	Chairman & Chief Executive Officer
Surendra Singh	Director
N. C. Singhal	Director
A. T. Pannir Selvam	Director
J. R. Varma	Director
R. H. Patil	Director
Rama Bijapurkar	Director
R. B. L. Vaish	Director
M. V. Subbiah	Director
Ramesh Ramanathan	Director
K. N. Prithviraj	Director
P. J. Oza	Company Secretary

THE CORE MANAGEMENT TEAM

R. Asok Kumar	Executive Director - Corporate Strategy
M. M. Agrawal	Executive Director - Corporate Banking
V. K. Ramani	Executive Director - Technology & Business Processes
S. K. Chakrabarti	President - Credit
Hemant Kaul	President - Retail Banking
Somnath Sengupta	President - Finance & Accounts
S. S. Bajaj	President & Chief Compliance Officer
Snehomoy Bhattacharya	President - Human Resources
P. Mukherjee	President - Treasury
Vinod George	President - International Banking
M. V. Subramanian	CEO and Executive Trustee, Axis Bank Foundation
Rajagopal Srivatsa	President - Business Banking
S. K. Nandi	President - West Zone
R. K. Bammi	President - North Zone
S. K. Mitra	President - East Zone
C. P. Rangarajan	President - South Zone

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

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

3rd Sri Lanka-Bangladesh ODI delayed by wet weather

Colombo: The third one-day international between Sri Lanka and Bangladesh in Colombo on Wednesday has been delayed by wet weather.

Early morning rain delayed the scheduled start and an inspection was planned for 10.45 IST. The toss will be taken once a start time is confirmed but both teams have confirmed their starting XIs.

Sri Lanka have confirmed three changes after taking an unassailable 2-0 lead in the three-match series with a five-wicket win on Monday.

Batsman Chamara Silva, pace bowler Lasith Malinga and leg-spinner Malinga Bandara have all been rested to make room for Chamara Kapugedera, Nuwan Kulasekera and Upul Chandana.

Bangladesh dropped Shariar Nafees and Tushar Imran in place of Javed Omar and

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Sri Lanka: Mahela Jayawardene (capt), Sanath Jayasuriya, Tharanga, Kumar Sangakkara, Tilla-

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The

Beckham ruled out of SuperLiga match.

Carson, California: David Beckham, as had been widely expected, was ruled out of the Los Angeles Galaxy's SuperLiga match against Mexican side Pachuca on Tuesday.

The 32-year-old England midfielder has been struggling to shake off a lingering ankle injury and Galaxy head coach Frank Yallop says he needs more time to recover.

"His ankle is still a little bit tight, although it has improved over the last week," Yallop told reporters. "We don't want to make it worse, and he's still a little bit sore. He needs to get to a point where he's comfortable."

Beckham, signed from Real Madrid on a $32.5 million five-year deal, was on the field for only 12 minutes, plus four minutes of stoppage time, for his Galaxy debut against FA Cup holders Chelsea on Saturday.

Since his arrival in Los Angeles 12 days ago, he has

not been able to train with the Major League Soccer (MLS) team, mainly spending time in the treatment room and the gym.

"He's getting normal ice treatment and a lot of massage to try and get the swelling down," Yallop added.

Beckham twisted his ankle playing for his country against Estonia in a Euro 2008 qualifying match last month.

He aggravated it in his final appearance for Real 11 days later when his former team clinched the Spanish league title.

Tuesday's match is the Galaxy's first in the inaugural SuperLiga, an eight-team competition featuring four MLS sides from the U.S. and four teams from the Mexican first division.

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We had the communication merged with the editorial in leading newspapers.

HIGHLIGHTS

Profit after tax up 62.52% to Rs. 1,071.03 crores

Net Interest Income up 76.07% to Rs. 2,585.35 crores

Fee & Other Income up 65.91% to Rs. 1,367.75 crores

Deposits up 49.06% to Rs. 87,626.22 crores

Demand Deposits up 70.84% to Rs. 40,026.99 crores

Advances up 61.79% to Rs. 59,661.14 crores

Retail Assets up 52.24% to Rs. 13,591.68 crores

Network of branches and extension counters increased from 561 to 671

Total number of ATMs went up from 2341 to 2764

Net NPA ratio as a percentage of net customer assets down to 0.36% from 0.61%

Earning per share (Basic) increased from Rs. 23.50 to Rs. 32.15

Proposed Dividend up from 45% to 60%

Capital Adequacy Ratio stood at 13.73% as against the minimum regulatory norm of 9%

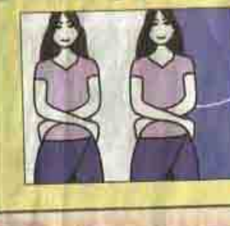
WEDNESDAY
August 1, 2007
56 Pages (Including Hitlist + Classified)
Rs 2

MiD DAY

MUMBAI ON THE MOVE

Exclusive: Twin theme party pictures overleaf.

Twin telepathy
Turn the page



YOUR VOTE
Which one of the Olsen twins won ?
Turn over

Bank drops name, gets a new one !

By Our Correspondent

In a move that will go down in Indian banking history, UTI Bank has changed its name to Axis Bank. It is reported that the change of name will not affect the bank's functioning in any way, and is simply a result of the desire of the bank's management to move ahead with the times.

A name change is no small matter, particularly in the field of finance in general, and banking in particular. Indeed, industry watchers point out that in the history of Indian banking, there has been only one previous instance of a bank changing its name to something else. So naturally, this move is sure to cause some anxiety in the minds of old loyalists of the bank. However, top brass at Axis Bank assure us that such anxiety is completely unnecessary as the bank shall remain exactly the same in every other respect apart from its new name.

When asked to comment, a high-level executive at Axis Bank said, "What we're promising our customers is the same trust and skilled expertise as before, only now with a new name." This effectively means that the bank's customers will be entitled to the same privileges as before, enjoy the same bouquet of services as before, while simply conducting their usual banking activities under a new brand name. All in all, the name change seems to have received a positive response from every one involved and appears to have been a correct move on the bank's behalf.

CUSTOMER SPEAK

"I think it's like film stars and screen names, you know. From old-time stars like Dilip Kumar, Meena Kumari and Madhubala to the present generation actors like Akshay Kumar and Bobby Deol, a lot of big stars changed their names before joining the films and hitting stardom. I think even Axis Bank will create a big impact and I congratulate them on their name change."

- Shubha Desai, Artist

An Axis Bank branch decorated to celebrate the name change

The BIGGER picture

Innovation, experimentation, change.

These are the buzz words of a new India, a growing India.

In our history of [illegible] years, MID DAY has always embraced change and celebrated innovation. Today we join one of our key advertisers in celebrating their major [illegible] by changing ourselves, if only for a day.

Today UTI Bank becomes Axis Bank, and to mark the occasion, MID DAY becomes bigger, literally!

[illegible]

So enjoy this day in a big way!

IMPORTANT DECLARATION OVERLEAF

UTI BANK

The most popular tabloid in Mumbai changed itself into a broadsheet for the first time to associate with our brand change. The cover jacket was used to tell our story in the most striking manner.

DIRECTORS' REPORT: 2007-08

The Board of Directors has pleasure in presenting the Fourteenth 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 2008.

The financial year 2007-08 will be remembered as a year of transformation in the history of the Bank, when the name of the Bank changed to Axis Bank from UTI Bank. The conviction that it was worthwhile to invest in building a brand that would solely be our own, helped to create a distinct identity. The name Axis Bank connotes solidity and transcends geographical boundaries as we seek to become a multinational bank. The Bank was successful in establishing a new identity in the market in a short span of time.

FINANCIAL PERFORMANCE

The Bank once again met with considerable success over the past year and achieved all its key objectives. This encouraging performance not only underscored the sustainability of the Bank's high tempo of growth, but also helped to move closer to its objective of being one of the more customer-focused banks in the country. This is reflected in the robust growth in both business and revenue during 2007-08 and in various financial parameters. The financial highlights for the year under review are presented below:

(Rs. in crores)

PARTICULARS	2007-08	2006-07	Growth
Deposits	87,626.22	58,785.60	49.06%
Out of which			
• Savings Bank Deposits	19,982.41	12,125.88	64.79%
• Current Account Deposits	20,044.58	11,304.31	77.32%
Advances	59,661.14	36,876.48	61.79%
Out of which			
• Retail Assets	13,591.68	8,927.54	52.24%
• Non-retail Advances	46,069.46	27,948.94	64.83%
Total Assets/Liabilities	1,09,577.85	73,257.22	49.58%
Net Interest Income	2,585.35	1,468.33	76.07%
Other Income	1,795.49	1,010.11	77.75%
Out of which			
• Trading Profit	427.74	185.72	130.31%
• Fee & other income	1,367.75	824.39	65.91%
Operating Expenses excl. depreciation	1,996.81	1,102.73	81.08%
Profit before depreciation, provisions and tax	2,384.03	1,375.71	73.29%
Depreciation	158.11	111.86	41.35%
Provision for Tax	575.25	337.21	70.59%
Other Provisions & Write offs	579.64	267.61	116.60%
Net Profit	1,071.03	659.03	62.52%
Appropriations :			
Transfer to Statutory Reserve	267.76	164.76	62.52%
Transfer to Capital Reserve	26.84	15.64	71.61%
Proposed Dividend	251.64	148.79	69.12%
Surplus carried over to Balance Sheet	524.79	329.84	59.10%

KEY PERFORMANCE INDICATORS	2007-08	2006-07
Interest Income as a percentage of working funds*	8.08%	7.42%
Non-Interest Income as a percentage of working funds	2.07%	1.68%
Net Interest Margin	3.47%	2.74%
Return on Average Net Worth	16.09%	21.84%
Operating Profit as a percentage of working funds	2.57%	2.10%
Return on Average Assets	1.24%	1.10%
Profit per employee**	Rs. 8.39 lacs	Rs. 7.59 lacs
Business (Deposits less inter bank deposits + Advances) per employee**	Rs.11.17 crores	Rs. 10.24 crores
Net Non performing assets as a percentage of net customer assets ***	0.36%	0.61%

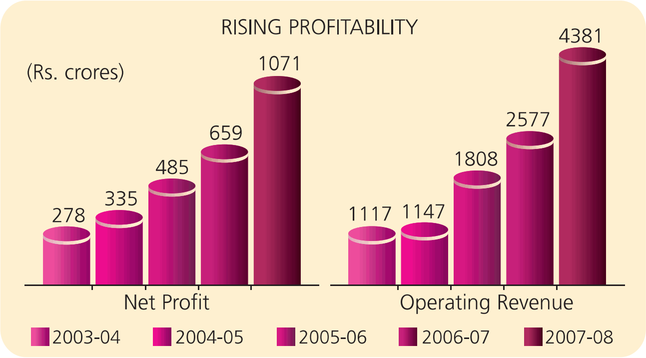
* Working funds represent average total assets.

** Productivity ratios are based on average number of employees.

*** Customer Assets include advances, credit substitutes and unamortised cost of assets leased out.

Previous year figures have been regrouped wherever necessary.

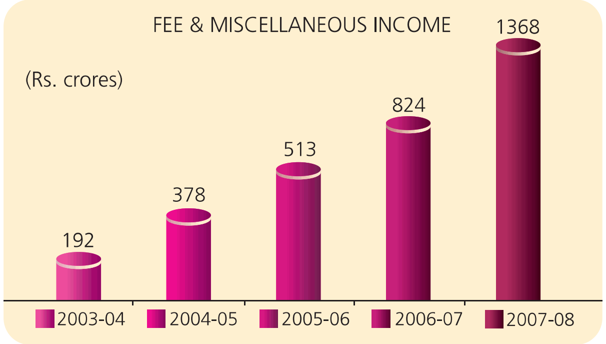
During 2007-08, the Bank's business and earnings continued to show high growth, indicative of a clear strategic focus, the communication of corporate priorities to branches across the country, and finally the execution of these goals through intensive efforts. The Bank reported a net profit of Rs. 1,071.03 crores during the year ended 31st March 2008, up 62.52%, from Rs. 659.03 crores in the previous year. Diluted earnings per share (EPS) were Rs. 31.31 per share, up 37.38% from Rs. 22.79 per share a year earlier. Return on Equity (ROE) was 16.09% compared to 21.84% a year earlier. The decline in ROE was primarily on account of the raising of fresh equity capital during the financial year. Return on Average Assets was 1.24%, compared to 1.10% in the previous year.



In 2007-08, the Bank achieved a total income of Rs. 8,800.80 crores, up 60.84% from 2006-07. During this period, operating revenue was Rs. 4,380.84 crores, up 76.76% from the previous year, while operating profit was up by 76.12% to reach Rs. 2,225.92 crores. The strong growth in income was largely driven by a strong increase in both net interest income by 76.07% to Rs. 2,585.35 crores, and fee and other income by 77.75% to Rs. 1,795.49 crores. The strong income growth reflects the solid business growth across all banking segments and the successful execution of growth initiatives. The strong growth in incomes was partly offset by an increase in operating expenses, including depreciation, by 77.42% to Rs. 2,154.92 crores. The increase in operating expenses primarily reflects the higher costs incurred as a result of increased business levels that include additional sales and service personnel and higher variable compensation. Additional expenses incurred to support the growth initiatives of the Bank (including network expansion as well as the re-branding exercise) also contributed to the increase in operating expenses.

In 2007-08, net interest income increased by 76.07% to Rs. 2,585.35 crores from Rs. 1,468.33 crores in the previous year. This increase was largely due to a strong asset side growth, as also the robust growth in low-cost demand deposits (current and savings bank deposits). On a daily average basis, total earning assets in 2007-08 increased by 39.18% to Rs. 74,589 crores from Rs. 53,591 crores a year ago. This was partially offset by a rise in funding costs due to the hardening of rates on term deposits during the year. However, the steady growth in demand deposits, which on a daily average basis increased by 57% to Rs. 25,515 crores from Rs. 16,252 crores a year ago, helped contain the funding costs. Nevertheless, the average cost of funds in 2007-08 increased to 6.02% from 5.60% a year earlier. In 2007-08, the cost of deposits increased to 5.91% from 5.38% a year earlier, primarily the result of an increase in the cost of term deposits by 146 basis points.

During the year, the yield on earning assets increased by 106 basis points to 9.36% from 8.30% a year earlier, reflecting the impact of changes in the product-mix in advances, together with an improvement in the yield on investments. The Bank was able to absorb the downward pressure on the yield on advances in the last quarter of the financial year, and the consequent compression of margins, through concerted efforts in shoring up low-cost demand deposits. In 2007-08, the net interest margin increased to 3.47% from 2.74% a year earlier. On a quarter-to-quarter basis, net interest margin in the year rose from 2.56% in Q1, to 3.28% in Q2, to 3.91% in Q3 and 3.93% in Q4, highlighting the quality of earnings.

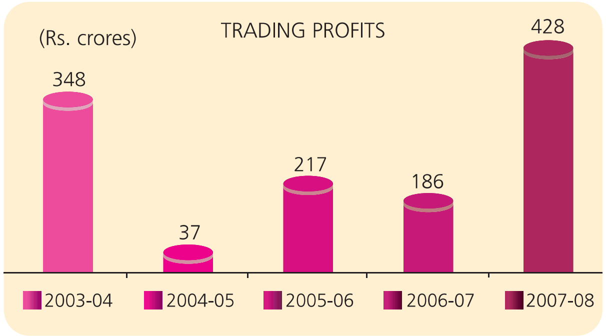


Other income, comprising trading profits, fee and miscellaneous income, also increased strongly by 77.75% to Rs. 1,795.49 crores in 2007-08 from Rs. 1,010.11 crores in 2006-07. Fee and miscellaneous income rose by 65.91% to Rs. 1,367.75 crores from Rs. 824.39 crores a year earlier. Fee income has a significant share in the earnings of the Bank and its main contributors are service charges for account maintenance, inter-change fees, third-party distribution fees, transaction banking including cash management services, syndication and placement fees and fees earned on the processing of loans. Trading profit increased by 130.31% to Rs. 427.74 crores from Rs. 185.72 crores a year earlier. A significant portion of growth in trading profit was client-driven, with particularly high growth in profit earned on merchant foreign exchange business. In 2007-08, profit on foreign exchange transactions increased by 66.18% to Rs. 207.48 crores from Rs. 124.85 crores. Another contributor to the growth of trading profit was profit from investment in equity shares - a result primarily of the buoyancy in the capital markets.

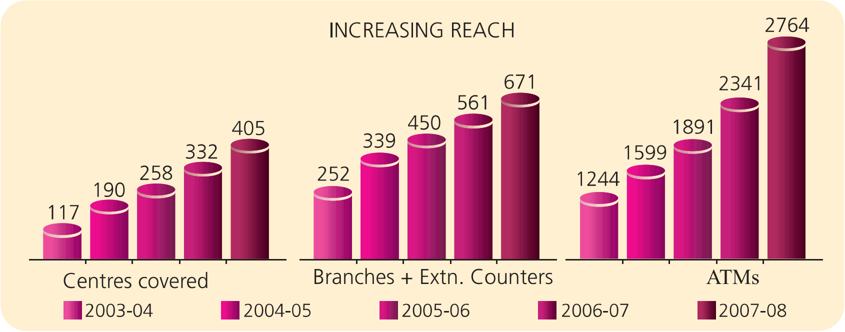
In 2007-08, the operating revenue of the Bank increased by 76.76% to Rs. 4,380.84 crores from Rs. 2,478.44 crores in 2006-07. Net interest income together with fee and other income (excluding trading profit) constituted 90.24% of operating revenue, reflecting the robust core earning streams of the Bank.

Operating expenses increased by 77.42% to Rs. 2,154.92 crores from Rs. 1,214.59 crores in 2006-07. Expenses grew mainly due to the increase in sales and service staff levels, higher performance related pay, an aggressive growth of the Bank's retail network and the re-branding exercise undertaken by the Bank. Employees' costs increased by 75.76% to Rs. 670.25 crores from Rs. 381.35 crores last year, constituting 31.10% of the operating expenses, largely prompted by the increase in the number of employees from 9,980 on 31st March 2007 to 14,739 on 31st March 2008. During the year, the cost: income ratio was 49.19% against 49.01% last year.

Operating profit of the Bank in 2007-08 increased by 76.12% to Rs. 2,225.92 crores from Rs. 1,263.85 crores a year earlier. Further, the book value per share increased from Rs. 120.50 as on 31st March 2007 to Rs. 245.14 as on 31st March 2008. The business per employee improved to Rs. 11.17 crores from Rs. 10.24 crores a year ago. Profit per employee has also improved from Rs. 7.59 lacs in 2006-07 to Rs. 8.39 lacs in 2007-08. In 2007-08, the Bank has created total provisions (excluding provisions for tax) of Rs. 579.64 crores compared to Rs. 267.61 crores a year ago. The Bank has created provisions for loan assets of Rs. 344.01 crores compared to Rs. 73.73 crores a year ago, while provision for standard assets was Rs. 153.46 crores compared to Rs.122.35 crores a year ago. The Bank continued to improve its asset quality, as a result of which net NPAs, as a percentage of net customer assets, declined from 0.61% as on 31st March 2007 to 0.36% as on 31st March 2008. The Bank has also shown substantial growth in several key balance sheet parameters for the year ended 31st March 2008. The total balance sheet size increased by 49.58% to Rs. 1,09,577.85 crores as on 31st March 2008 from Rs. 73,257.22 crores as on 31st March 2007. Total deposits have increased by 49.06% from Rs. 58,785.60 crores as on 31st March 2007 to Rs. 87,626.22 crores as on 31st March 2008. Demand deposits (savings bank and current accounts) increased by 70.84% to Rs. 40,026.99 crores on 31st March 2008. Savings bank account deposits have increased by 64.79% to Rs. 19,982.41 crores, while current account deposits grew by 77.32% to Rs. 20,044.58 crores. Demand deposits constituted 45.68% of total deposits on 31st March 2008 compared to 39.86% last year. On a daily average basis, the total deposits in 2007-08 increased by 37.35% to Rs. 63,341 crores, in which demand deposits increased by 57.00% to Rs. 25,514 crores. As a result, the percentage share of demand deposits on a daily average basis increased to 40.28% in 2007-08. The total advances of the Bank as on 31st March 2008 increased by 61.79% to Rs. 59,661.14 crores. Of this, corporate advances (comprising large and mid-corporates) increased by 68.32% to Rs. 29,025.84 crores. During the same period, advances to SMEs increased by 73.98% to Rs. 11,536.92 crores, while agricultural lending increased by 35.17% to Rs. 5,506.70 crores. Retail loans increased by 52.24% to Rs. 13,591.68 crores. The Bank's total investments increased by 25.31% to Rs. 33,705.10 crores. The investments in government and approved securities held to meet the Bank's SLR requirement increased by 22.81% to Rs. 20,178.84 crores as a result of the increase in total deposits. Other investments, including corporate debt securities, increased by 29.24% to Rs. 13,526.26 crores. The total assets of the Bank's overseas branches as on 31st March 2008 increased by 110% to Rs. 6,672 crores, constituting 6.09% of the Bank's total assets.



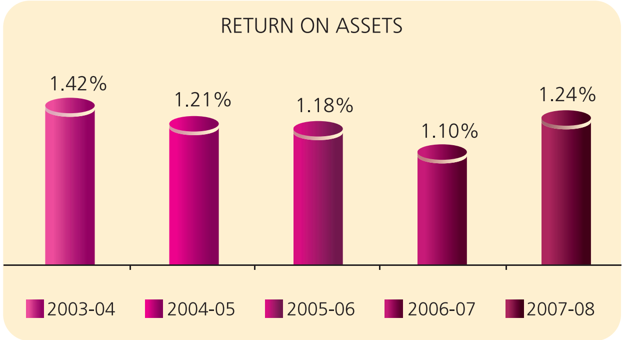
As a conscious strategy of building an organic growth engine during the year, the Bank continued to expand its distribution network, in both domestic and overseas geographies, to enlarge its reach and accelerate its business momentum. The Bank has developed a branch network which is built on customer-convenience and service, helping it particularly in the acquisition of low-cost retail deposits, retail assets, lending to agriculture, SME and mid-corporates and facilitating the cross-selling of third-party products. During 2007-08, 143 new branches were added to the Bank's network, taking the number of branches to 651. This includes 33 extension counters that have been upgraded to branches. As on 31st March 2008, the Bank had a network of 651 branches and 20 extension counters as against 508 branches and 53 extension counters a year earlier. Out of the 651 branches, 158 branches are in semi-urban and rural areas. With the opening of these offices, the geographical reach of the Bank extends to 29 States and 3 Union Territories covering 405



centres. During the year, the Bank set up 423 ATMs, thereby taking the ATM network of the Bank from 2,341 to 2,764, enabling it to retain its status of being the third largest ATM network provider among all banks in the country. During the year, the Bank also expanded overseas with the opening of a branch at the Dubai International Finance Centre (DIFC). This was in addition to the existing branches at Singapore and Hong Kong and the representative Office in Shanghai. The Bank has also received the authorization of the Central Bank of the UAE to establish a Representative Office in Dubai. The opening of these overseas offices will provide significant opportunities to the Bank to finance cross-border trade and manufacturing activities in addition to the ability to source remittances and other businesses from the NRI community.

CAPITAL & RESERVES

During the year under review, the Bank has raised capital in the form of Tier I and Tier II Capital to support future growth. The Bank has 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. As a result, the Bank mobilised an aggregate of Rs. 4,534.36 crores through the three-way offering as per the details below.



The Bank raised Rs. 878.83 crores (equivalent to US Dollars 218.06 million) through the allotment of 1,41,32,466 GDRs, each representing one equity share of the Bank at a price of US Dollars 15.43 per GDR. The GDR was priced at a nominal discount to the closing price of the Bank's listed GDR on the London Stock Exchange (LSE) but at par with the preceding one-month average price of GDRs quoted on the LSE. Converted at the Noon-Day Buying Rate of US Dollars published by the Federal Reserve in New York, the price of the underlying share in the Indian market was Rs. 620 per share, which is a discount to the closing price of the Bank's share of Rs. 644.60 on the NSE as on that date. The GDRs are listed and traded on the London Stock Exchange.

The Bank also raised Rs. 1,752.43 crores by issuing 2,82,64,934 equity shares under QIP. The equity shares under the QIP were priced along with the GDR at Rs. 620 per share (equivalent to the price offered under the GDR offering). To maintain the percentage shareholding of the Bank's promoters at the pre-GDR/QIP offering level, the Administrator of the Specified Undertaking of the Unit Trust of India (UTI - I), Life Insurance Corporation of India, General Insurance Corporation of India and three government-owned general insurance companies participated in a preferential offer by subscribing to 3,06,95,129 equity shares. The equity shares offered under the preferential allotment route were also priced at Rs. 620 per share (equivalent to price at which both GDR and QIP was priced). Through the process of preferential allotment of equity shares to promoter entities, the Bank raised Rs.1,903.10 crores. As a result, the Bank raised, as stated above, an aggregate equity capital of Rs. 4,534.36 crores under GDR/QIP and the preferential offer. This will help the Bank in continuing its growth strategy and in strengthening its capital adequacy ratio. The Bank is now well capitalised, with the capital adequacy ratio at the end of the year at 13.73%, substantially above the benchmark requirement of 9% stipulated by Reserve Bank of India. Of this Tier I Capital amounted to 10.17%, up from 6.42% a year earlier, while Tier II Capital was at 3.56%.

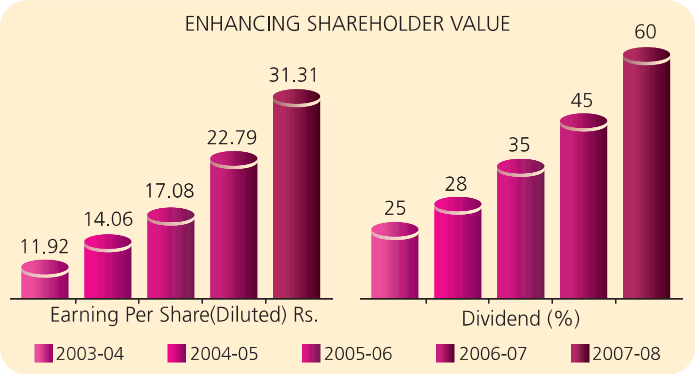
During the year under review, the Bank also allotted equity shares to employees under its Employee Stock Option Plan aggregating 29,86,353 equity shares.

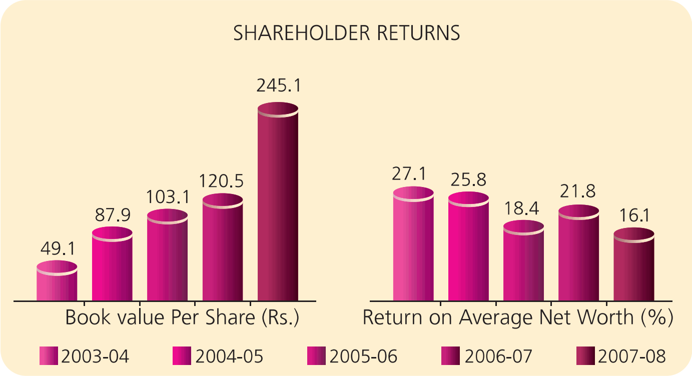
The paid up capital of the Bank as on 31st March 2008 thereby rose to Rs. 357.71 crores from Rs. 281.63 crores as on 31st March 2007. The shareholding pattern of the Bank as of 31st March 2008 was as under.

Sr. No.	Name of Shareholders	% of Paid Up Capital
i.	Administrator of the Specified Undertaking of the Unit Trust of India (UTI-I)	27.18
ii.	Life Insurance Corporation of India	10.40
iii.	General Insurance Corporation and four PSU Insurance Companies	4.93
iv.	Overseas Investors including FIIs/ OCBs/ NRIs	35.46
v.	Foreign Direct Investment (GDR issue)	3.64
vi.	Other Indian Financial Institutions/ Mutual Funds/ Banks	8.33
vii.	Others	10.06
	Total	**100.00**

During the year, the Bank has also raised US Dollars 60 million (equivalent to Rs. 243.12 crores) as Upper Tier II Capital from Singapore under its MTN Programme.

The Bank's shares are listed on the NSE, the BSE, the Ahmedabad Stock Exchange and the OTCEI (under permitted securities). 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'.





DIVIDEND

The Bank's diluted Earning per Share (EPS) for 2007-08 has risen to Rs. 31.31 from Rs. 22.79 during 2006-07. In view of the excellent financial performance of the Bank, the encouraging future outlook of the Bank as well as 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 rate of 60% on equity shares, compared to the 45% dividend 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. Shri K. N. Prithviraj was appointed as Additional Director on 9th January 2008, joining the Board as a nominee of the Administrator of the Specified Undertaking of the Unit Trust of India (UTI - I). Further, Shri S. B. Mathur, a nominee of the Administrator of the Specified Undertaking of the Unit Trust of India (UTI - I) has resigned on 6th December 2007.

The Board of Directors places on record its appreciation and gratitude to Shri S. B. Mathur for the valuable services rendered by him during his tenure as Director of the Bank.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Bank, Shri N. C. Singhal, Shri J. R. Varma and Shri R. B.L. Vaish retire by rotation at the Fourteenth Annual General Meeting and, being eligible, offer themselves for re-appointment as Directors of the Bank.

SUBSIDIARIES

The Bank has set up two wholly-owned subsidiaries, Axis Sales Limited, and Axis Private Equity Limited. Axis Sales Limited has been set up for marketing credit cards and retail asset products. The objective of this subsidiary is to build a specialised force of sales personnel, optimise operational efficiency and productivity and thereby reduce costs. The sales subsidiary also seeks to provide greater control and monitoring of the sales effort vis-à-vis the DSA model. The second subsidiary of the Bank, Axis Private Equity Limited has been formed primarily to carry on the activities of managing (directly or indirectly) investments, venture capital funds and off-shore funds. In terms of an exemption received from the Ministry of Corporate Affairs, Government of India through its letter no. 47/417/2007-CL-III dated 22nd November 2007 under Section 212(8) of the Companies Act 1956, copies of the Directors' Report, report of the auditors of the two subsidiaries along with financial statements have not been attached to the accounts of the Bank for the financial year ended 31st March 2008. Any shareholder who may be 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 any shareholder of the Bank at its Registered Office and also at the registered offices of the two subsidiaries. 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 2008 are enclosed as an Annexure to this report.

EMPLOYEE STOCK OPTION PLAN (ESOP)

The Bank has instituted an Employee Stock Option Scheme to enable its employees, including whole-time Directors, to participate in the future growth and financial success of the Bank. Under the Scheme 2,78,00,000 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 and June 2006 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 (presently the NSE). Under the third plan and with effect from the grant made by the Company 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 seven occasions, 11,18,925 during 2000-01, 17,79,700 during 2001-02, 27,74,450 during 2003-04, 38,09,830 during 2004-05, 57,08,240 during 2005-06, 46,95,860 during 2006-07 and 67,29,340 during 2007-08. The options granted, which are non-transferable, vest at the rate of 30%, 30% and 40% on each of three successive anniversaries following the granting, subject to standard vesting conditions, and must be exercised within three years of the date of vesting. As of 31st March 2008, 1,09,50,436 options had been exercised and 1,27,94,268 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 a high standard of corporate governance and it aspires to benchmark itself with international best practices. The corporate governance practices followed by the Bank are enclosed as an Annexure to this report.

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 2008.
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.
iv. The annual accounts have been prepared on a going concern basis.

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 has, however, used information technology extensively in its operations.

The statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and the rules made 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, Statutory Auditors of the Bank since 2006, retire on the conclusion of the Fourteenth Annual General Meeting and are eligible for re-appointment, subject to the approval of Reserve Bank of India, and of the shareholders. As recommended by the Audit Committee, the Board has proposed the appointment of M/s S.R. Batliboi & Co., Chartered Accountants as Statutory Auditors for the financial year 2008-09. The shareholders are requested to consider their appointment.

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 — **P. J. Nayak**
Date : April 21, 2008 — **Chairman & Chief Executive Officer**

STATUTORY DISCLOSURES REGARDING ESOP (FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2008)

	ESOS 2000-2001	Grant 24 Feb 2001	Grant 28 Feb 2002	Grant 6 May 2003	Grant 29 Apr 2004	Grant 10 Jun 2005	Grant 17 Apr 2006	Grant 17 Apr 2007
Options Granted	26,616,345	1,118,925	1,779,700	2,774,450	3,809,830	5,708,240	4,695,860	6,729,340
Pricing Formula	Fixed Price ie. 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.	Rs. 38.63	Rs. 29.68	Rs. 39.77	Rs. 97.62	Rs. 232.10	Rs. 319.00	Rs. 468.90
Options Vested	2,082,034	-	-	27,428	302,185	926,840	741,501	84,080
Options Exercised	10,950,436	1,036,969	1,668,835	2,443,749	2,993,100	2,148,058	659,210	515
Total number of shares arising as a result of exercise of options	10,950,436	1,036,969	1,668,835	2,443,749	2,993,100	2,148,058	659,210	515
Options lapsed/cancelled	2,871,641	81,956	110,865	303,273	514,545	844,277	503,945	512,780
Variation in terms of ESOP	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Money realised by exercise of options (Rs. in lacs)	11,881	400.58	495.31	971.88	2,921.86	4,985.64	2,102.88	2.41
Total number of options in force	12,794,268	-	-	27,428	302,185	2,715,905	3,532,705	6,216,045
Additional details to be disclosed: **Employeewise details of grants to Senior managerial personnel i.e.,** **-Chairman and CEO**	360,970	22,500	36,600	50,000	65,000	74,750	56,060	56,060
-Employees who were granted, during any one year, options amounting to 5% or more of the options granted duringthe year	N.A.							
-Identified employees who were granted option, during any one year, equal or exceeding 1% of the Issued capital (excluding outstanding warrants and conversions) of the Bank under the grant	N.A.							

-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. 31.31

	ESOS 2000-2001	Grant 24 Feb 2001	Grant 28 Feb 2002	Grant 6 May 2003	Grant 29 Apr 2004	Grant 10 Jun 2005	Grant 17 Apr 2006	Grant 17 Apr 2007
Weighted average exercise price of Options whose:								
- Exercise price equals market price	Rs. 468.90							
- 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	Rs.178.36							
- 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. in crores)	71.67	-	-	-	1.52	15.20	26.45	28.50
Net Profit, if the employee compensation cost had been computed at fair value	999.36							
Basic EPS if the employee compensation cost had been computed at fair value	30.00							
Diluted EPS if the employee compensation cost had been computed at fair value	29.21							
Significant Assumptions used to estimate fair value								
Risk free interest rate	8.21% to 8.33%							
Expected life	2 to 4 years							
Expected Volatility	44.20% to 51.21%							
Dividend yield	1.37%							
Price of the underlying share in the market at the time of option grant	468.90							

* Note : Fair value method of accounting is applicable only for grants made on or after 30th June 2003. Hence, no disclosures have been made regarding the grants prior to this date.

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 31 March 2008	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 within the accounts of Axis Bank Ltd. for the financial year ended 31 March 2008 (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 31 March 2008 (Rs. in thousands)
1.	Axis Sales Limited (formerly UBL Sales Ltd.)	31-3-2008	1,00,00,000 shares of Rs.10.00 each fully paid up	100%	(68,021)	Nil
2.	Axis Private Equity Limited (formerly UBL Asset Management Company Ltd.)	31-3-2008	1,50,00,000 shares of Rs. 10.00 each fully paid up	100%	(49,291)	Nil

For Axis Bank Ltd.

P. J. Nayak
Chairman & CEO

P. J. Oza
Company Secretary

N. C. Singhal
Director

R. H. Patil
Director

R. B. L. Vaish
Director

Date: 21 April 2008
Place: Mumbai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IS LINKING SPECTRUM TO USER BASE THE RIGHT APPROACH? DEBATE PAGE 12

THE RBI IS AVOIDING RESPONSIBILITY FOR INFLATION AJAY SHAH PAGE 13

LOSSES DUE TO SANJAY'S SENTENCE LESS THAN FEARED PAGE 8

Rs 3.00 46 PAGES IN 4 SECTIONS WEDNESDAY 1 AUGUST 2007

IN BRIEF

Murdoch bags *WSJ*

Dow Jones & Co's controlling Bancroft family "has accepted" News Corp's $5 billion offer to buy the publisher of the *Wall Street Journal*, John Prestbo, editor and executive director of Dow Jones Indexes, said on Tuesday. Page 10

Land for industry

A proposal to allow state governments to acquire up to 30 per cent of land for industry instead of 10 per cent now has been discussed and "is under the active consideration" of the Group of Ministers set up to draw up a resettlement and rehabilitation policy. Page 11

Reliance Retail

Reliance Retail is set to foray into Mumbai next month. Though a late-entrant compared with other retailers, the Mukesh Ambani promoted company plans to open nearly 25 Reliance Fresh stores within a month. Page 4

Tata Motors net up

Tata Motors on Tuesday announced a 22 per cent rise in its quarterly net profit on the back of gains from appreciation of the rupee against the dollar, offsetting the fall in bus and truck sales. Page 5

■ CASH RESERVE RATIO AT 7% ■ REVERSE REPO CAP LIFTED

CRR hike not to hit interest rates

BS REPORTER
Mumbai, 31 July

Banks' lending rates will remain largely untouched by the Reserve Bank of India's (RBI's) decision today to raise the cash reserve ratio (CRR). However, banks are likely to stop giving short-term loans at discounted rates with part of the liquidity being withdrawn by the RBI in its first-quarter review of the 2007-08 monetary policy.

Banks also began partially correcting peak rates offered on one-year deposits after the RBI kept reverse repo and repo rates unchanged for the second time. Canara Bank, Bank of Baroda and Bank of India announced an interest rate reduction on their special one-year deposit schemes by 50 basis points to 9 per cent today.

The increase in CRR, the cash balances banks are required to keep with the central bank, by 50 basis points to 7 per cent from August 4 will drain Rs 16,000 crore. Unlike earlier occasions, the current CRR hike did not trigger lending rate increases as banks will be flush with liquidity even after the outflow. This is the fourth identical increase in CRR since December 2006 and it absorbs only a part of the excess liquidity.

"The actions taken are ... management issues ... rate signals. In... will remain unchanged," said KC Chakrabarty, chairman of Punjab National Bank, the country's fourth-largest bank.

Addressing a press conference, RBI Governor YV Reddy said, "There is still a fear of high inflation." This despite the fact that inflation was at 4.41 per cent last week, well below the central bank's target for this year of 5 per cent, after it crossed 6 per cent in January.

CAUSE AND EFFECT

(Impact of Q1 review of 2007-08 monetary policy)

MEASURE	Calls for more active management of capital flows to contain inflation within the 5% target
IMPACT	Suggests tightening of overseas borrowings and liberalisation of capital outflows
MEASURE	Cap on reverse repo liquidity absorptions removed; second reverse repo withdrawn from August 6
IMPACT	This will push overnight call money rate higher from below 1%
MEASURE	CRR raised by 50 basis points to 7% from August 4
IMPACT	Will drain Rs 16,000 crore of liquidity from the banking system
MEASURE	Repo/Reverse repo rates kept unchanged
IMPACT	Interest rates will stay at current levels

RBI Governor Y V Reddy at the quarterly review of the monetary policy in Mumbai on Tuesday DIVYAKANT SOLANKI

The RBI also removed a Rs 3,000-crore limit, imposed in March, on the amount it absorbs through reverse repo auctions. Reverse repo is an instrument by which the central bank absorbs money from banks against government securities normally for a day. This measure is expected to lift the overnight call money rates from the sub-1 per cent levels prevailing for over two months. The limit had spurred banks with spare cash to lend more in the money market.

The equity markets jumped 290 points (see adjoining story) and bond yields went up after the policy was announced as bond prices fell on expectation of lower demand. Bond prices and yields have an inverse relationship. The yield on the 10-year bond rose 8 basis points to 7.85 per cent.

The RBI said the liquidity overhang on July 27 was Rs 72,823 crore, still significantly below Rs 97,449 crore in March. The glut has been caused by large overseas capital inflows and high government spending.

The RBI has also expressed concerns about the activities of hedge funds and private equity funds in the backdrop of the global credit squeeze because of the sub-prime housing crisis beginning to hit the regular mortgage market.

ON SECTION II, PAGE 1
- RBI hints at more checks on inflows
- Hedge funds, PE deals make RBI see red

ON EDIT PAGE
- Predictable but partial

Markets surge despite CRR hike

Sensex soars 290 pts to 15,550, biggest gain since April 9 this year

BS REPORTER
Mumbai, 31 July

Unaffected by the Reserve Bank of India's (RBI's) liquidity tightening, the stock markets were upbeat on Tuesday, as the benchmark 30-stock Bombay Stock Exchange Sensex gained 290 points (1.90 per cent) to 15,550 points, registering the biggest gain since April 9 this year. The 50-stock S&P CNX Nifty grew 2 per cent to 4,528.85 points.

The Sensex today opened at 15,358.69 points and gained around 150 points at noon, when the policy was announced. Though it went into the red immediately after the news of the CRR hike, it made a comeback and surged rapidly in the latter half of the day. Many short positions were also covered and there was significant buying in large-cap stocks.

Analysts said the recovery was possible after the market realised the 50 basis point increase in the cash reserve ratio (CRR), the amount of interest-free cash banks must keep with the central bank, would result in more inflows, strengthening the currency and making investments by foreign institutional investors (FIIs) attractive. FII investments account for 20 to 22 per cent of market capitalisation.

"The RBI is expecting inflationary pressure, hence the hike in CRR. There has been more demand in the economy, which has been reflecting in the stock market prices," said Shree Shankar, head of research, IL&FS Investsmart.

The top Sensex gainers were Larsen and Toubro (up 6.58 per cent), HDFC (up 5.65 per cent) and BHEL (up by 5.33 per cent). Top Sensex losers include Mahindra and Mahindra (down 3.11 per cent), Hindustan Unilever Ltd (down 1.15 per cent) and Tata Motors (down 1.12 per cent).

The BSE Bankex, which tracks the movement of bank stocks, ended at 8,148.68 points (up 1.16 per cent), recovering from a low of 7,925.04 points in the afternoon. State Bank of India (up by 8.3 per cent) and Federal Bank (up 6.99 per cent) were the highest gainers among bank stocks.

"We believe the banking sector should clearly benefit and so will real estate, as mortgage rates will remain stable or fall going forward," said Amitabh Chakraborty, president (equities), Religare Securities.

UP BEAT
(Sensex intraday)

BACK TO THE FUTURE

Business Standard has decided to turn the mirror back to look — and enjoy — six decades of Indian independence. Every ... till August 15, ... Independence Special ... *to page 14* ... focus on some aspect of Indian governance and economy, lifestyle and evolution. The ... subjects, from financial services and government to cars and ... from stock markets and office life to our business ...

Foreign texts off shelves

We communicated the new brand under newspaper mastheads with high visibility.

MANAGEMENT'S DISCUSSION AND ANALYSIS

MACRO-ECONOMIC ENVIRONMENT

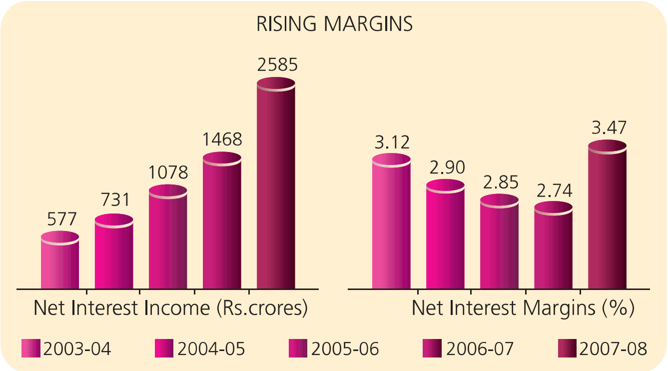
Although the fiscal year 2007-08 had started with a relatively bright outlook (supported by generally strong fundamentals in 2006-07) the macroeconomic environment in the second half of the year turned out to be difficult. GDP growth is expected to slow down due to the impact of high interest rates and an economic slowdown around the world. It is expected, however, that domestic demand will continue to remain strong, boosted to an extent by income tax reliefs and the selective excise cuts on consumer goods as proposed in the budget for fiscal 2008-09.

GDP growth was initially expected to grow 8.7% in fiscal 2007-08, but moderation in economic growth in the third quarter of the year is expected to lower GDP growth to between 8.0% and 8.5%. The slowdown is likely to emanate from slower industrial growth but the effect may spread, thereafter, to many service industries dependent upon manufacturing like transport, storage, and even financial services. The increase in savings that has been driven by public sector and private corporates is also likely to moderate, with lower corporate earnings and profitability. Although there is likely to be some offsetting increases in household savings, we can expect overall savings rates to stagnate or even fall from their 2006-07 levels. Fiscal stimulus provided in the budget would to some extent support the demand. Hence, overall GDP growth may slow down to 7.5% to 8% in fiscal 2008-09.

The level of inflation (as measured by the Wholesale Price Index) at above 7% in April 2008 is significantly higher than the RBI's targeted ceiling of 5%. Structural imbalances have now come to the fore and are aggravating supply shortages. Food price inflation is accelerating with rising global food prices and inelastic domestic supply-side responses. Government's initiatives in the recent past of reducing duties on imported food may curtail inflationary pressures. Going forward, it is expected that the effect of the government action on food prices will start to show and that the low-base effect will dissipate to ease inflationary pressures. However, rising international oil prices are likely to push up inflation in fiscal 2008-09 compared to the preceding year.

RBI has used policy rates as well as the Cash Reserve Ratio (CRR) to squeeze systemic liquidity, starting late 2006 and continuing right upto April 2008. Following these measures, one of the sources of money supply has started shrinking: growth of bank credit to the commercial sector has fallen from 33% to under 22%. However, even the tightened monetary policy failed to moderate the surge of capital flows that started in mid-2006. The RBI and the Union Government had to resort to quantitative controls to staunch the flow.

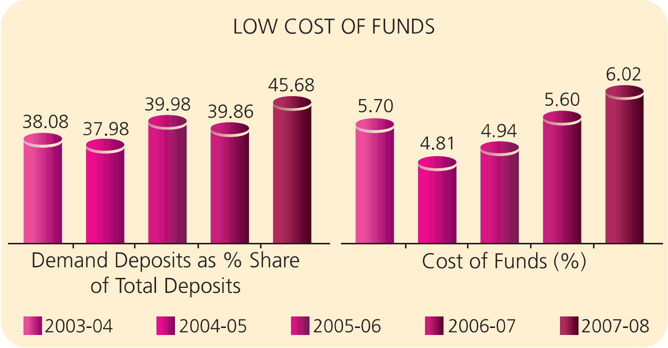
Robust capital inflow resulted in RBI's intervention in the currency markets to protect India's export market share, especially since the currencies of many of India's export competitors had remained quite stable. However, the effect on India's exports has not been as severe as had initially been feared. Even though the Rupee has appreciated over 15% since August 2006, export growth has held up in the intervening period; both merchandise and software exports have continued to grow at encouraging rates, although lower than in the last few years. As a result, the current account deficit has remained within a band of 1.1% - 2.7% of GDP, significantly lower than net capital inflows. The Indian economy is expected to continue to attract foreign inflows as it presents an attractive investment opportunity. RBI is expected to continue to intervene in the markets to curb volatility in exchange rates and to try and moderate the appreciating Rupee.



Presently, the economic outlook for fiscal 2008-09 for India looks uncertain due to sharp downward revisions of growth estimates for most major economies. Globally, there is concern about a return to the stagflation of the seventies, with high oil prices having the potential to apply brakes on economic momentum. We expect, though, that this bleak scenario will not be as severe for India on account of continued buoyant domestic demand, although the growth may be accompanied by higher inflation.

Overall, it is unlikely that there will be an easing of domestic monetary policy in the near future. The banking sector, despite the continuing difficult environment, is likely to remain the primary channel for credit delivery to corporates, although a squeeze in funds available to corporates for financing capital formation is likely. While banks have tried to maintain credit flow in a difficult operating environment, there is a chance of a marginal deterioration in the quality of their credit portfolios, as well some valuation losses due to widening spreads. Despite this, we expect that there will be no impact on systemic stability. Overall, we think that monetary growth will be lower in 2008-09, and liquidity correspondingly tighter.

OVERVIEW OF FINANCIAL AND BUSINESS PERFORMANCE



The Bank once again met with good success over the past year and achieved all of its key objectives. During 2007-08, the Bank has witnessed strong growth in business volumes as well as profits arising from core banking revenues. The high growth in the Bank's businesses and earnings must be seen in the backdrop of several negative factors such as a hardening of interest rates and the crisis in the financial sector in the US (spreading also to parts of Europe) leading to volatility in the capital and money markets, and the first signs of a slowdown in Indian economy in the last quarter. For the Bank's growth to continue, the Bank would need to become increasingly competitive in its product offerings. The diversification of businesses across multiple products, markets and geographies is itself a risk mitigant, and enabled the Bank to deliver strong financial results during 2007-08.

The Bank's ability to serve the needs of its customers continues to improve. The future growth of the Bank will continue to leverage the robust centralised technology that provides economies of scale, improves time-to-market of new products, and fosters innovation. Thereby, the creation of customer value will remain congruent to generating profitability for the Bank.

CAPITAL MANAGEMENT

The Bank believes in the continual enhancement of shareholder value and its capital management framework helps to optimise the use of capital by ensuring the most favourable allocation of capital through an appropriate mix of products and services. The Bank focused on developing an asset structure which was sensitive to the importance of enlarging the proportion of low risk weighted assets in order that capital is more efficiently deployed.

During the year, the Bank continued to attract investor interest from domestic and foreign institutional investors, with a perceptible increase in trading volume and price. To augment capital for maintaining the momentum of business growth, the Bank raised equity capital of Rs. 4,534 crores in 2007-08 through simultaneous offerings of follow-on Global Depositary Receipts (GDRs), a Qualified Institutional Placement (QIP) and a preferential allotment of equity shares to the promoters of the Bank. In addition, the Bank has also raised US Dollars 60 million (equivalent to Rs. 243.12 crores) as Upper Tier II Capital from Singapore under its MTN Programme.

As of 31st March 2008, the Bank had implemented the Revised Framework of the International Convergence of Capital Measurement and Capital Standards (or Basel II). In terms of RBI guidelines for implementation of Basel II, capital charge for credit and market risk for the financial year ending 31st March 2008 will be required to be maintained at the higher of the levels implied by Basel I and Basel II. 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 estimated under the Standardised Approach. The Bank's Capital Adequacy Ratio was 13.73%, as on 31st March 2008, against the minimum regulatory requirement of 9%. The following table sets forth the risk-based capital, risk-weighted assets and capital adequacy ratios computed as on 31st March 2008 in accordance with the applicable RBI guidelines under Basel I and Basel II.

(Rs. in crores)

AS ON 31 MARCH	2008		2007
	Basel II	Basel I	Basel I
Tier I Capital - Shareholders' Funds	8,826.99	8,822.52	3,636.21
Tier II Capital	3,063.90	3,082.75	2,918.29
Out of which			
• Bonds qualifying as Tier II capital	1,572.90	1,572.90	1,748.52
• Upper Tier II capital	1,148.38	1,148.38	959.55
• Other eligible for Tier II capital	342.62	361.47	210.22
Total Capital qualifying for computation of Capital Adequacy Ratio	11,890.89	11,905.27	6,554.50

(Rs. in crores)

AS ON 31 MARCH	2008		2007
	Basel II	Basel I	Basel I
Total Risk-Weighted Assets and Contingencies	84,990.65	86,719.66	56,643.37
Total Capital Adequacy Ratio (CAR)	13.99%	13.73%	11.57%
Out of above			
- Tier I Capital	10.39%	10.17%	6.42%
- Tier II Capital	3.60%	3.56%	5.15%

BUSINESS OVERVIEW

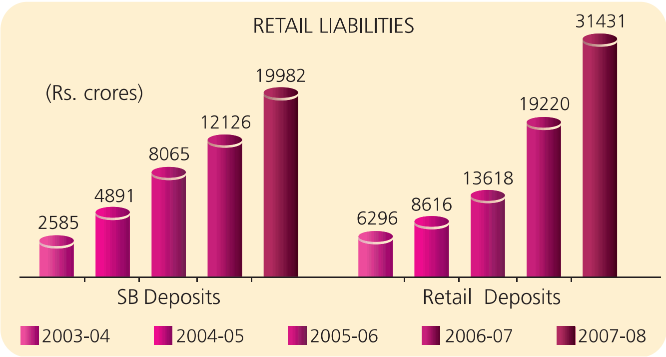
An overview of various business segments along with the performance during 2007-08 and an outline of future strategies is presented below.

RETAIL BANKING

The Bank continued with its thrust on customer segmentation in the retail liabilities business to spearhead growth during the financial year 2007-08. Savings Bank deposits grew to Rs. 19,982 crores on 31st March 2008 from Rs. 12,126 crores as on 31st March 2007 showing a year on year growth of 65%.

The Priority-Banking offering of the Bank has led the growth in the Savings Bank deposits. Other savings products, especially those for senior citizens, for women and for NRIs have contributed strongly to the overall growth of the savings bank deposits.

Savings Bank Product	Growth in Savings Bank Balances	Growth in number of Accounts
Priority Banking (High Networth)	100%	108%
Savings Accounts for Trusts	133%	39%
Savings Accounts for NRI	80%	262%
Senior Privilege (Affluent Senior Citizens)	29%	46%
Smart Privilege (Savings Accounts for Women)	50%	73%
Salary Power (Pay Roll Account)	38%	28%
Easy Access (Base Savings Bank Account)	49%	26%

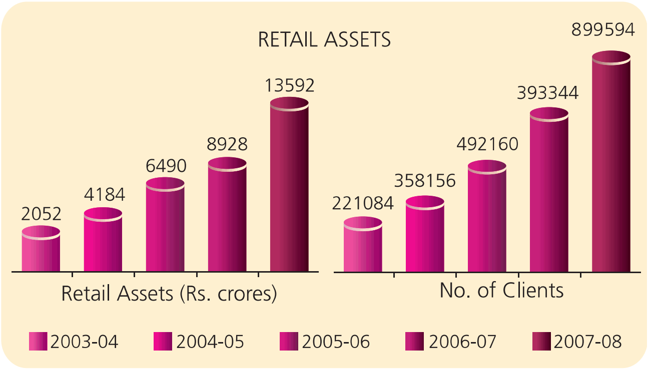


The Bank has implemented a Customer Relationship Management (CRM) solution which is being integrated with various other application systems of the Bank including Finacle, the core banking software solution, and software platforms for Demat, Mutual Funds, Mobile Banking, Telebanking, and Credit Cards, to provide a single and comprehensive view of the customer across product categories and channels. CRM capabilities will enable the Bank to improve its cross-sell penetration among its customer base.

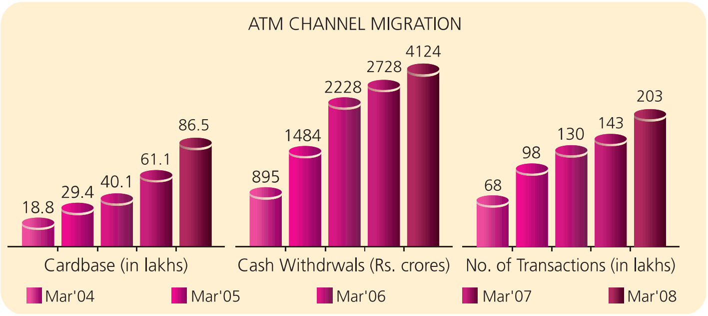
The Bank has over time built an efficient in-house sales model, which has strongly contributed to the overall account acquisition of the Bank. The effectiveness of the Sales Channel has been a major factor in the growth of CASA (current account and savings account) deposits by the Bank.

The Retail Term Deposits of the Bank grew by 61% from Rs. 7,094 crores on 31st March 2007 to Rs. 11,449 crores on 31st March 2008.

Over the years, the alternative banking channels of the Bank, which comprise the ATM network, internet banking, mobile banking and phone banking, have grown robustly, providing higher levels of convenience and service quality to the Bank's customers. During the financial year 2007-08, the Bank has added 423 ATMs to reach 2,764 ATMs as of 31st March 2008. The Bank today has 4.25 ATMs for every Branch. The mobile banking channel has fast emerged as an extremely convenient option for the Bank's customers to keep themselves updated on the activity in their accounts. During 2007-08, 36% of new customers signed on for mobile banking services. With 1.59 million customers registered for mobile banking, the Bank has the highest mobile penetration levels among bank customers in India. Internet banking usage also rose sharply: the registered user base rose from 3.35 million on 31st March 2007 to 5.17 million on 31st March 2008, a growth of 54%. The Bank has a Phone Banking Center providing account information and assistance in 11 languages.



The Retail Assets portfolio of the Bank grew from Rs. 8,928 crores on 31st March 2007 to Rs. 13,592 crores on 31st March 2008, a growth of 52%. The segment constitutes 23% of the Bank's total loan portfolio on 31st March 2008 of which 79.83% is secured and 20.17% comprises unsecured loans. Retail loans are extended by the Bank through 70 Retail Asset Centres (RACs) in select cities of the country, as also through the Bank's branches in other cities and towns. The Bank's strategy of focusing on the prime customer segments and staying away from small ticket loans, and the deployment of robust credit and back-office processes, has contributed to the continued health of the retail asset portfolio.



The Cards business of the Bank comprises four key products - credit cards, debit cards, pre-paid cards and the merchant acquiring business. The Bank's credit card business, which was launched in August 2006, now has a portfolio of 4,52,005 credit cards. In March 2008, the Bank launched India's first EMV (Europay MasterCard Visa Standards) certified platinum chip card. The point-of-sale (POS) terminals installed by the Bank at merchant establishments are capable of accepting all debit/credit MasterCard/ Visa cards and American Express cards. The Bank has an installed base of 74,458 POS terminals as on 31st March 2008 (the second-largest network in India), registering a growth of 86% over the installed base of 40,058 terminals on 31st March 2007. The transaction throughput at the POS terminals grew from Rs. 2,975 crores in 2006-07 to Rs. 7,713 crores in 2007-08, a year-on-year growth of 159%. All POS terminals are compliant with the EMV security norms. The total debit card base of the Bank as on 31st March 2008 stood at 8.67 million, the third largest in the country. Having started initially with a vanilla debit card product, the Bank now offers as many as 10 variants, customised for specific customer segments. The Bank is a market leader in the Foreign Currency Travel Card Segment, and has generated a sales volume of USD 285.33 million in 2007-08 on such cards.

Wealth Management is a platform for providing financial advisory services to our customers and offers a complete package of financial and investment solutions backed by research-based advice. Axis Bank is one of the leading distributors of mutual funds in India. Bancassurance business is one of the key sources of fee-based income for the Bank, as a result of successful partnerships with MetLife India Insurance Company for life insurance offerings and with Bajaj Allianz General Insurance Company for general insurance products. Besides the core investment products, the Bank also specialises in providing financial planning services to two sets of customers through Axis Wealth (that targets affluent customers) and Financial Advisory Services (which targets 'mass affluent' customers).

CORPORATE BANKING

The products offered by the Corporate Banking business group of the Bank include fund and non-fund based facilities, fee and commission based products and services, deposits and foreign exchange related products, covering the domestic and international transaction requirements of large and mid-sized customers. The Corporate Banking group of the Bank was restructured with a view to increasing the share of core fee income to augment the overall Return on Equity (ROE) from corporate clients. The entire gamut of Corporate Banking activities, comprising Credit, Treasury, Business Banking and Capital Markets, now work in tandem with joint product offerings made to corporate customers. Relationship Management and Credit functions have been merged and the

Corporate Credit group has been split into two separate segments Large Corporate and Mid-Corporate. The fulcrum of the revised set-up is the Relationship Manager, who serves as a single point contact for all the banking needs of each corporate.

Besides widening the customer base of the Bank and adopting a careful assessment of acceptable risk-return tradeoffs, the focus of the Corporate Banking group is to deepen existing client relationships by actively cross-selling the entire range of products and services, based on detailed client-wise account-plans, and thereby increase the Bank's share of the aggregate business level of the customer.

CORPORATE CREDIT

The Corporate Credit portfolio of the Bank comprising advances to large and mid-corporates grew by 68.33% to Rs. 29,026 crores from Rs. 17,244 crores a year ago. This includes advances at overseas branches amounting to Rs. 5,381 crores (equivalent to USD 134 million) comprising in main the portfolio of Indian corporates and their subsidiaries, as also trade finance. Credit exposures are taken based on risk analyses and mitigation measures, with proposals being subjected to critical scrutiny by the Bank's Risk Department. Efforts are made to constantly upgrade the skills required for faster turnaround of credit proposals and structuring of financial products. In addition to working capital loans, the Bank also takes long-term exposures to infrastructure and manufacturing projects set up by reputed industry groups. Relationship groups in the Bank are organised with an industry-sector focus for better evaluation of specified risks. The credit policy of the Bank has also put in place ceilings on exposures to various industries with a view to containing concentration risk and facilitating portfolio diversification.

TREASURY

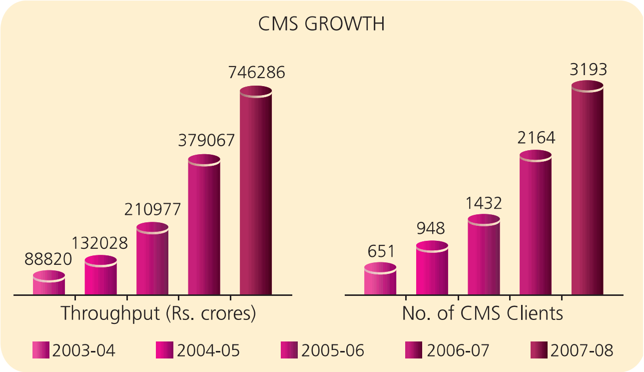
The Bank has an integrated Treasury, which covers both domestic and global markets and funds the balance sheet across locations. Balance sheet management assumed great importance during the year when the global interest and currency rates environment was unsettled for long periods. Statutory reserve requirements were met.

The Bank's investments in government securities were dynamically managed and the portfolio yielded a return of 7.55%. There was a significant emphasis during the year on developing the customer business in foreign exchange, which saw a 25% rise in turnover and 56% rise in revenue. During the year, the Bank centralised its foreign trade processing operations, which has led to significant gains in the form of savings in costs as well improvement in the standards of service as well as compliance.

The efficacy of funds management was reflected in the improvement in the Net Interest Income at Rs. 2,585.35 crores in 2007-08, up from Rs. 1,468.33 crores a year ago. Net Interest Margin (NIM) improved to 3.47% from 2.74% in the previous year.

BUSINESS BANKING

Business Banking continued to focus on offering the best in transactional banking services by leveraging the Bank's strengths in terms of network and technology. The Bank has 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 business customers. Cross - selling of transactional banking products to develop account relationships, aided by product innovation and a customer-centric approach has borne fruit in the form of growing current account balances and increasing realisation of transaction banking fee.



Sourcing of current account deposits continued to be the focus area and as on 31st March 2008, current account balances stood at Rs. 20,045 crores against Rs. 11,304 crores a year earlier, reflecting a year-on-year growth of 77%. During the year, the Bank sourced 1,38,765 new current accounts against 97,857 accounts the previous year. There was a greater focus on the acquisition of high-value current accounts, thus accelerating the pace of growth in current account balances. Additionally, the focus was also to understand the requirements of various business segments and thereby introduce segment-based current account products for effectively targeting the diverse requirements of different segments. On a daily average basis, current accounts grew to a level of Rs. 11,834 crores in 2007-08 against Rs. 7,193 crores during the last year.

The Cash Management Services (CMS) initiatives to corporates and institutions continued to be a focus area, and the Bank's growing branch network and robust technology were leveraged to provide a wide range of customised solutions to suit the dynamic requirements of its clients. The Bank offers CMS solutions for collections and payments with an ideal blend of structured MIS and the facility for funds movement in order that clients are able to enhance their fund management capabilities. The Bank's Web CMS initiative further allows them to view their daily transactions on a real time basis. The strong correspondent bank alliance offers corporate clients a wide geographical coverage. The CMS business has not only emerged as an important source of fee income but is also contributing significantly towards garnering zero cost funds and forging large relationships. The Bank has established a strong presence with companies raising equity funds, by offering its services as Bankers to the Issue and providing Dividend/Refund services to this segment of the market. During the year the CMS throughput saw a growth of 96.87% reaching a level of Rs. 7,46,286 crores compared to Rs 3,79,067 crores in the last year. During the same period, the number of CMS clients has grown to 3,193 clients from 2,164 clients in the previous year.

The Bank has been acting as an agency Bank for transacting Government Business for the last 7 years offering banking services to various Central Government Ministries and Departments and to State Governments and Union Territories. Currently, the Bank is accepting Income and Other Direct Taxes through its 214 Authorised Branches at 137 locations, and Central Excise and Service Taxes through its 56 Authorised Branches at 13 locations. The Bank is also handling disbursement of Civil Pension through 218 Authorised Branches, and Defence Pension through 151 Authorised Branches. Additionally, the Bank is providing collection and payment services to four Central Government Ministries and Departments, and seven State Governments and Union Territories.

The Bank further strengthened its association with the e-Governance initiatives of various State Governments, aimed at providing better citizen services by setting up integrated citizen facilitation centres. During the year the Bank associated with the 'e-Procurement Project' of the Government of Karnataka as the Nodal Bank and the 'e-Procurement Project' of Government of Gujarat as a participating Bank.

During the year the Bank has also handled disbursements under various Government Benefit Schemes through IT Enabled Financial Inclusion on behalf of the Government of Andhra Pradesh. The total government business throughput during the year was Rs. 53,585 crores against Rs. 37,932 crores in the last year registering a growth of 41%.

CAPITAL MARKETS

The Bank's Capital Markets business encompasses activities both in the equity capital and debt capital markets. Activities in the equity capital markets involve providing advisory services relating to the raising of equity and quasi-equity funds through various instruments by corporate clients. The Bank is a SEBI registered Category I Merchant Banker with experience in management of public and rights issues. The Bank provides debt capital market services by acting as advisors for raising Rupee and foreign currencies term loans, foreign currency convertible bonds and Rupee denominated bonds.

The Bank has continued to retain its leadership position in the domestic debt market and has syndicated an aggregate amount of around Rs. 52,000 crores by way of private placement of bonds and debentures, as also term loans during 2007-08. Prime Database has ranked the Bank as the number 1 arranger for private placement of bonds and debentures for the year till 31st December 2007. Bloomberg has also ranked the Bank number 2 in the India Domestic Bonds League table for the calendar year 2007. The Bank has also acted as Book runner and Mandated Lead Arranger to its corporate clients in syndicating their External Commercial Borrowings aggregating over USD 3 billion in 2007-08.

The Bank's Capital Markets business also involves providing corporate restructuring advisory services, mergers & acquisitions advisory services, arranging services for acquisition funding, infrastructure and project advisory services (including preparation of business plans), techno-economic feasibility reports and bid process management. The Bank also provides trusteeship services, acting as both debenture and security trustees, monitoring agency for equity issue proceeds and trustees for securitisation issues.

The Bank also maintains an investment and proprietary trading portfolio in corporate bonds and equities. As on 31st March 2008, the Bank's investment in corporate bonds, equities and others was Rs. 13,526 crores as against Rs. 10,462 crores a year ago. Of this, as on 31st March 2008, the Bank has made investments of US Dollars 153 million at overseas branches as against USD 129 million a year ago.

In 2008-09, the Bank will continue to focus on project and corporate finance by raising both debt and equity funds for various infrastructure and manufacturing projects, acquisition funding for its corporate clients for acquiring overseas targets, and will concentrate on providing advisory services for overseas capital market products by leveraging on its overseas operations. The Bank plans to carve out the trusteeship business, presently a part of its Capital Markets business, into a wholly owned subsidiary of the

Bank to enhance its efficient functioning.

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

The Micro, Small and Medium Enterprises (MSME) segment is an area of intense focus for the Bank, as it plays a vital role in the development of the economy, generation of employment and in boosting export earnings. MSMEs offer good business potential both for fund and non-fund based credit limits, diversification of risk and cross-selling. MSME clientele prefer loyal and lasting banking relationships, reliable service quality and proximity to delivery channels. The Bank has leveraged its geographical reach through its extensive branch network to fully exploit the business potential. Advances Cells have been located at twenty of the best business locations, to extensively focus on the credit requirements of MSME clients. This has helped in quick decision-making, thereby facilitating deepening of existing relationships and providing a strong impetus to new business relationships.

The Schematic Advances group continued to focus on specific sectors of the MSME business with scorecard-based credit appraisals to ensure a quick turnaround time, thereby bringing in a large number of business relationships to the Bank.

The lending to MSME witnessed an impressive growth and the Bank continued to be compliant with the overall priority sector norms stipulated by RBI for the seventh year in succession.

The Bank continued its focus on agricultural lending and built on its agriculture cluster based approach. The number of agricultural clusters increased to 36, thereby linking 136 branches, ensuring excellent coverage of high potential agri-locations across the country. The agri-business of the Bank grew during the year by 35%. The direct agricultural lending touched 9.91% of the adjusted net Bank credit of the Bank, the highest ever achieved by the Bank. The Bank offers a bouquet of products to its agri-business clientele through branches specially identified to handle agri-lending. In the Bank, the number of agri-borrowers has grown by 88.18% to about 1.07 lacs. The Bank has a team of young professionals strategically placed across the country to handle its agri-business. The Bank aspires to grow its agri-business on sound and profitable lines by offering innovative products, customised solutions and a high quality of service to its agri-business customers.

The Micro finance business gained significant momentum during the year with an impressive growth in the portfolio of 98.21%. During the year the Bank has broad-based the portfolio by supporting Micro Finance Institutions (MFIs) working in various parts of the country. The micro finance business has a client outreach of around 12 lac customers. Through these channels the Bank could reach small and marginal farmers and small entrepreneurs, the majority of them women. The Bank aims to reach the status of one of the preferred bankers to MFI institutions in the country. In line with our overall strategy to specifically support MFIs operating in under-developed parts of the country, the Bank supported up MFIs in Jharkhand, Uttarakhand, and the North Eastern Region. The Bank continues to grant loans under the various government sponsored schemes.

INTERNATIONAL BANKING

India's growing integration with the global economy has given rise to opportunities to leverage the Bank's strengths in overseas markets. The Bank has established its presence in Singapore, Hong Kong, Dubai (DIFC) and Shanghai, besides entering into strategic alliances with Banks and Exchange houses in the Gulf Co-operation Council (GCC) region. While branches in Singapore, Hong Kong and DIFC (Dubai) provide platforms for offering corporate credit and trade finance solutions in the financial hubs across Asia and enable the Bank to partner with Indian corporates foraying into the international markets, the strategic alliances with banks and exchange houses allows access to the NRI population in the GCC region. Treasury and Capital Markets desks at Singapore help in augmenting fee-based income. The Shanghai Representative Office provides a valuable presence in China - the fastest growing economy of the world, which is also the second-largest trading partner of India. The Bank has also obtained an authorisation from the Central Bank of the UAE to establish a Representative Office in Dubai. The Representative Office would enable the Bank to substantially leverage other existing relationships and deliver enhanced value services to retail customers in the UAE.

The businesses of the overseas branches increased substantially during the year as operations of the newly opened branches at Hong Kong and DIFC (Dubai) turned profitable and gathered momentum. Since the first overseas branch of the Bank at Singapore commenced commercial operations in April 2006, the overseas operations of the Bank have scaled critical mass levels, ensuring profitability. As of 31st March 2008 total assets at overseas branches were USD1.66 billion constituting 6.09% of the Bank's total assets.

RISK MANAGEMENT

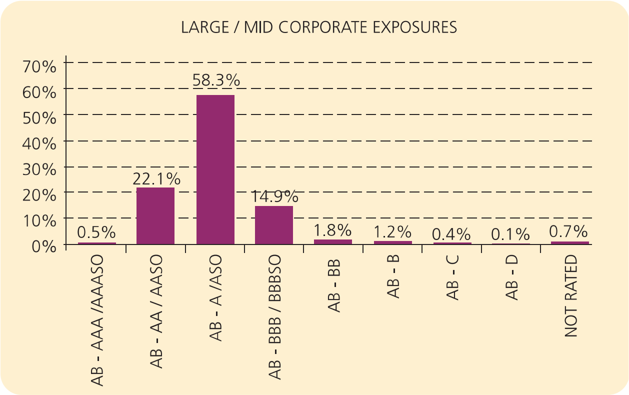
The very nature of the banking business, particularly in today's rapidly changing operating environment, entails managing complex and variable risks in a disciplined manner. The Bank has developed in-house skills to manage key areas of risk viz., credit risk, market risk and operational risk. The Bank's risk management architecture is overseen by the Board of Directors and appropriate policies to manage risks are approved by the various sub-committees of the Board. The sub-committees of the Board also provide strategic guidance while reviewing portfolio behaviour. Senior management committees like the various credit and investment committees, ALCO and the operational risk committees, develop and implement the risk policies.

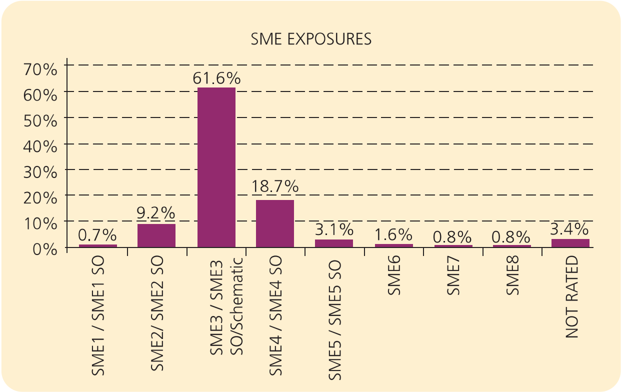
In respect of credit risk, emphasis is currently placed on evaluation and containment of risk at individual exposures for non-schematic loans and analysis of portfolio behaviour in case of schematic loans. There is increasing use of sophisticated modelling techniques to measure credit risk and the Bank is implementing advanced statistical scoring models for the origination and monitoring of the retail portfolio. Market risk measurement on portfolios uses both statistical and non-statistical measures to monitor risks with triggers in cases of breaches in the pre-accepted levels of identified risks. In the area of operational risk, the Bank has created a framework to monitor the resultant risk and to capture loss data. The same risk frameworks extend to its global operations, which operate within country-specific policies under the global risk policy.

Credit risk:

The Bank is exposed to credit risk through lending and capital market activities. The credit risk management framework integrates both qualitative and quantitative processes to support growth in the asset book while ensuring an acceptable risk level in relation to return. 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.

A graphical representation highlighting the spread of risk across various rating grades for large corporate and MSME portfolios as on 31st March 2008 is given below:





Market Risk:

Market risk results from changes in foreign exchange rates, commodity prices, equity prices, interest rate yields and credit spreads and their volatilities and impacts on the Bank's trading positions. The Bank adopts a comprehensive approach to manage market risk for its trading and banking book. The market risk framework identifies the types of the market risk to be covered, the risk metrics and methodologies to be used to capture such risks and the standards governing the management of market risk, including limit setting.

The Bank computes the value at risk for all trading portfolios, which provides valuable insights into the risk profile of the Bank's exposures. However, since no single measure can capture all aspects of risk, the Bank uses both statistical and non-statistical risk metrics. Regular stress testing is carried out to monitor the Bank's vulnerability to shocks and the impact of extreme market movements. Risk limits for the trading book are set according to a number of criteria including relevant market analysis, business strategy, management experience and the Bank's risk appetite.

Liquidity Risk:

Liquidity risk arises from the general funding needs of the Bank's activities and in the management of its assets and liabilities. Liquidity obligations arise from withdrawals of deposits, repayments of purchased funds at maturity, extensions of credit and working capital needs. The primary tool of monitoring liquidity is the maturity mismatch analysis, which is monitored over successive time bands on a static basis. The liquidity profile of the Bank is also estimated on a more 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 very critical and, accordingly, stress tests are conducted under different scenarios at periodic intervals to assess the impact on the Bank's 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, and such positions are also reviewed centrally by the Bank's ALCO along with domestic positions.

Operational Risk:

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. A policy on management of operational risk has been approved by the Bank to ensure that operational risk within the Bank is properly identified, monitored and reported in a structured manner. The Bank has an Operational Risk Management Committee to oversee application of the aforesaid policy directives. The business units put in place the baseline internal controls as approved by the Product Management Committee to ensure appropriate controls in the operating environment throughout the Bank. 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. Variations of existing products, as well as outsourcing activities are also subjected to a similar process. The IT Security Committee of the Bank provides direction for mitigating the operational risk in IT security.

INFORMATION TECHNOLOGY

Technology is the key to delivering customised financial solutions. The Bank aims to maintain a scalable computing infrastructure backed by a robust network architecture that delivers service across multiple channels for customer convenience and cost reduction through operational efficiency. In order to retain a competitive edge, the Bank's technology is continuously upgraded. In tune with the business priorities, the IT strategy was focused on capacity enhancement to be able to maintain an efficient servicing capability in a multi-channel delivery environment.

The Bank won the Indian Banks Association (IBA) awards during the year in seven categories for innovations in processes and development of new products and services.

OPERATIONS AND COMPLIANCE

The procedure for delivery of products, approvals of new products and services from the perspective of operational feasibility and convenience of delivery and ensuring the implementation of regulatory policies concerning the operational aspects of banking are handled within the Bank in a disciplined manner. Operational processes were constantly refined during the year under review, from the perspective of implementation of best practices, risk identification and containment. Operational instructions were revisited on a continual basis and efforts were made to minimise risks at branches.

Compliance is a process of ensuring integrity, based on internal and external standards. It is felt that compliance is an essential and critical process, aimed at mitigating the risk to the business. Compliance management poses significant challenges, owing to a plethora of laws, rules and standards from regulatory and other bodies, both domestic and overseas. Continuing with the Bank's commitment of adhering to the highest compliance standards, technological initiatives for dissemination of guidelines, and the propagation of information guidance have been initiated.

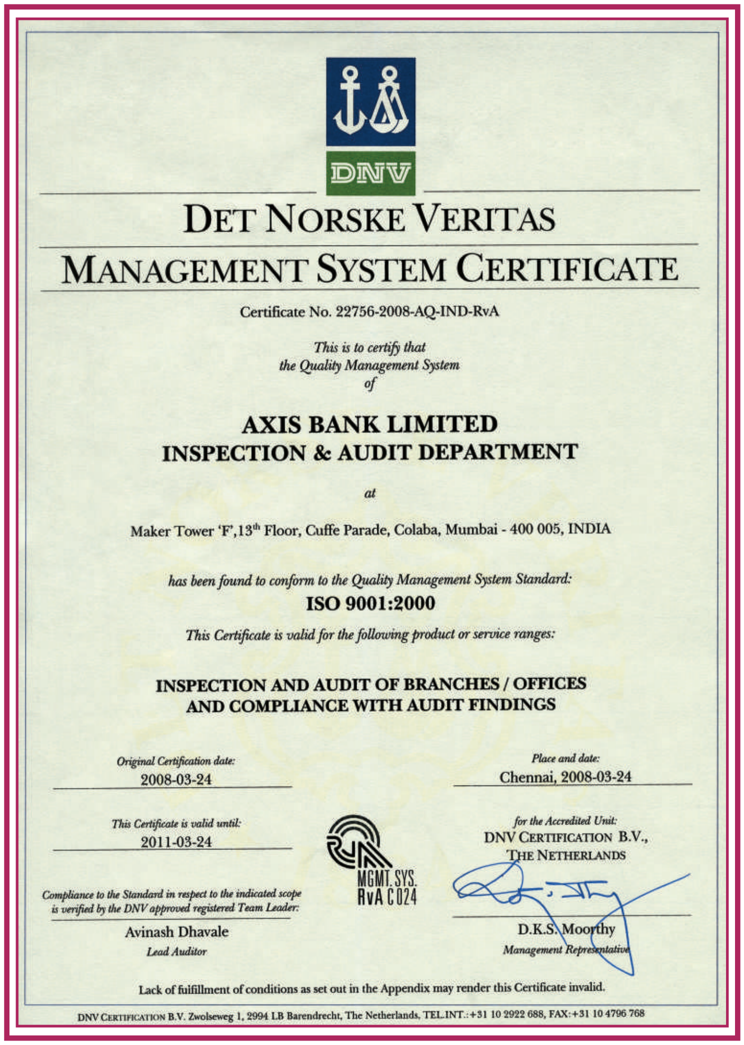
Corporate Banking Operations (CBO) within the Bank ensures high delivery standards, effective credit administration, monitoring and efficient customer service to large corporates, mid-corporates and SME segment borrowers. CBO at branches ensures that the operational risks in monitoring the advances and other related issues are well mitigated. A separate hub has also been created for the centralised opening of non-retail loan accounts. In addition, separate hubs have been set up for putting through transactions in respect of Channel Finance and International Trade Finance.

INSPECTION AND AUDIT

The Bank has an Inspection and Audit department whose function is to ensure that the operating and business units adhere to systems and procedures, as also regulatory and legal requirements. The scope of Inspection and Audit also encompasses the examination and evaluation of adequacy and effectiveness of the Bank's systems of internal control. It benchmarks on a continuous basis against international best practices and procedures in the area of internal control systems. It also proactively recommends quality enhancement measures in operational processes, based on audit findings.

The Inspection and Audit function undertakes a comprehensive risk - based audit of all branches, retail asset centres and service branches. An annual audit plan is drawn up on the basis of a risk profiling of auditee units. The scope of risk-based internal audit encompasses the examination of adequacy and effectiveness of internal control systems, as well as external compliance and evaluating the risk residing at the auditee units. Central Office departments of the Bank are also subjected to inspection and audit. The Audit Committee of the Board oversees the system of inspection and audit and the effectiveness of internal control systems.

Inspection and Audit department has conformed to 'Quality Management System' (QMS) and its internal processes have been certified to be ISO 9001:2000 compliant by International certifying agency M/s Det Norske Veritas AS, Netherlands.



DNV

DET NORSKE VERITAS

MANAGEMENT SYSTEM CERTIFICATE

Certificate No. 22756-2008-AQ-IND-RvA

This is to certify that
the Quality Management System
of

AXIS BANK LIMITED
INSPECTION & AUDIT DEPARTMENT

at

Maker Tower 'F', 13th Floor, Cuffe Parade, Colaba, Mumbai - 400 005, INDIA

has been found to conform to the Quality Management System Standard:

ISO 9001:2000

This Certificate is valid for the following product or service ranges:

INSPECTION AND AUDIT OF BRANCHES / OFFICES
AND COMPLIANCE WITH AUDIT FINDINGS

Original Certification date: 2008-03-24

Place and date: Chennai, 2008-03-24

This Certificate is valid until: 2011-03-24

MGMT. SYS.
RvA C024

for the Accredited Unit:
DNV CERTIFICATION B.V.,
THE NETHERLANDS

Compliance to the Standard in respect to the indicated scope is verified by the DNV approved registered Team Leader:

Avinash Dhavale
Lead Auditor

D.K.S. Moorthy
Management Representative

Lack of fulfillment of conditions as set out in the Appendix may render this Certificate invalid.

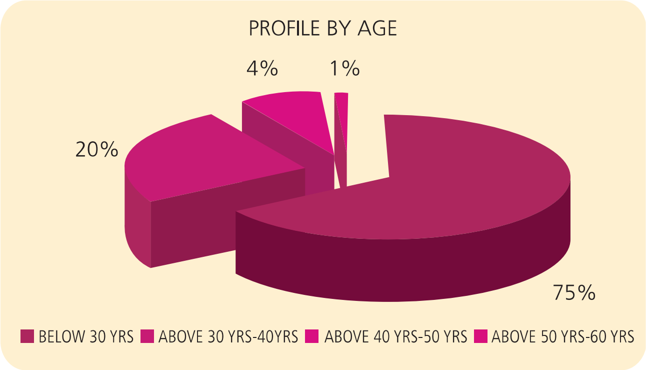
DNV CERTIFICATION B.V. Zwolseweg 1, 2994 LB Barendrecht, The Netherlands, TEL.INT.:+31 10 2922 688, FAX:+31 10 4796 768

CORPORATE SOCIAL RESPONSIBILITY

Being an integral part of society, the Bank is aware of its corporate social responsibilities and has engaged in community and social investments. For this purpose, the Bank has set up a Trust - the Axis Bank Foundation - with the objective of providing philanthropic assistance for public health and medical relief, education and alleviation of poverty. The Bank has agreed to contribute upto one percent of its net profit annually to the Foundation under corporate social responsibility initiatives. During the year, the Foundation partnered with twenty-five NGOs for educating underprivileged children across the country. The projects supported by the Axis Bank Foundation include focusing on quality education for the underprivileged child (with a special focus on the girl child), focusing on early childhood programs for 2-6 year olds, and focusing on projects that encourage 'Inclusive Education' for physically challenged children.

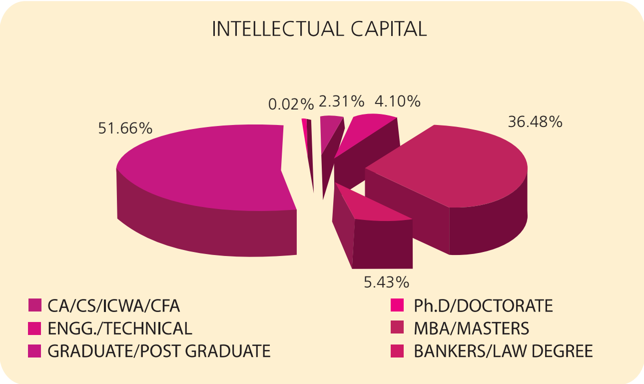
HUMAN RESOURCES

The rapid strides made by the Bank in businesses have been supported by a string of Human Resources initiatives that have contributed to the creation of a talented and committed workforce. A primary objective has been to acquire manpower of the right quality and numbers necessitated by the exponential increase in the size of the network and proliferation of products and services in order that the Bank retains its competitive edge. Viewed against the backdrop of the scarcity of talent prevalent in the financial sector in recent years, this has proved to be the single largest HR challenge for the Bank. A concerted recruitment initiative through the year that has relied primarily on a network of HR consultants, campus recruitment drives in Tier I and Tier II Management Institutes and e-recruitment, has ensured that the required skills were successfully brought on board. There was a net addition of 4,759 to the manpower pool across geographies as well as business groups and verticals, representing an increase of 48% over March 2007. There is now an increasingly strong perception about the Bank being an employer of choice.



The Bank's expansion overseas brought in its wake a new set of challenges on the recruitment front. In accordance with the business focus and regulatory issues at these centres, the requirement of skills has been catered to through focused search and a customised compensation structure. The total number of overseas employees is 44, out of which 13 are local recruits while the remaining employees are expatriates.

The Bank's talent pool is an aggregation of diverse and disparate skill-sets and effective management of this pool is the parallel challenge in the Human Resources domain. The significant tools in this regard have been a well-structured system of performance appraisal and a clutch of employee welfare measures designed to boost employee motivation and morale and improve the work-life balance.



The Bank has also been building its training infrastructure which aims to upgrade skill-levels across grades and functions through a combination of classroom sessions, external programmes, both domestic and international, outbound training and a well-structured e-learning module. The number of man-days expended on training has increased from 12,742 and 20,662 in 2005-06 and 2006-07 respectively to 33,412 in 2007-08. Officials across all levels are exposed to programmes according to assessed training needs. This ensures that the Bank has a team of professionals well equipped with the latest domain skills and ready to take on the challenges of the emerging banking scenario.

We believe that 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 29.81 years, and the Bank's stated policy of being an equal opportunity employer as a part of its initiatives on affirmative action.

The Bank's HR structure is appropriately geared and continuously fine-tuned to meet the complexities in the banking sector in the coming years, and to provide effective support to the business teams to deliver value to customers and stakeholders.

There were many such innovations, which used select outdoor locations in key cities. This one is at Marine Drive in Mumbai.

Auditors' Report

To,
The Members of Axis Bank Limited

1. We have audited the attached balance sheet of Axis Bank Limited (the 'Bank') (formerly known as UTI Bank Limited) as at March 31, 2008 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 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. 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, insofar as they apply to banks;

f) On the basis of written representations received from the directors, as on March 31, 2008, 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 March 31, 2008;
   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.
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.: 048749

Place: Mumbai
Date: April 21, 2008

BALANCE SHEET AS ON 31 MARCH 2008

	Schedule No.	As on 31-03-2008 *(Rs. in Thousands)*	As on 31-03-2007 *(Rs. in Thousands)*
CAPITAL AND LIABILITIES			
Capital	1	**3,577,097**	2,816,308
Reserves & Surplus	2	**84,107,939**	31,115,981
Employees' Stock Options Outstanding (Net)	17(4.16)	**21,868**	89,783
Deposits	3	**876,262,206**	587,856,011
Borrowings	4	**56,240,405**	51,956,030
Other liabilities and provisions	5	**75,568,972**	58,738,042
TOTAL		**1,095,778,487**	**732,572,155**
ASSETS			
Cash and Balances with Reserve Bank of India	6	**73,056,569**	46,610,303
Balances with banks and money at call and short notice	7	**51,985,835**	22,572,748
Investments	8	**337,051,008**	268,971,603
Advances	9	**596,611,446**	368,764,832
Fixed Assets	10	**9,228,501**	6,731,941
Other Assets	11	**27,845,128**	18,920,728
TOTAL		**1,095,778,487**	**732,572,155**
Contingent liabilities	12	**2,588,955,997**	1,841,647,530
Bills for collection		**83,233,927**	62,746,332
Significant Accounting Policies and Notes to Accounts	17		
Schedules referred to above form an integral part of the Balance Sheet			

As per our report of even date
For S. R. Batliboi & Co.
Chartered Accountants

For Axis Bank Ltd.

P. J. Nayak
Chairman & CEO

per Viren H. Mehta
Partner
Membership No.: 048749

N. C. Singhal
Director

R. H. Patil
Director

R. B. L. Vaish
Director

P. J. Oza
Company Secretary

Date: 21 April 2008
Place: Mumbai

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

		Schedule No.	Year ended 31-03-2008 *(Rs. in Thousands)*	Year ended 31-03-2007 *(Rs. in Thousands)*
I	**INCOME**			
	Interest earned	13	**70,053,151**	44,616,552
	Other income	14	**17,954,888**	10,101,113
	TOTAL		**88,008,039**	**54,717,665**
II	**EXPENDITURE**			
	Interest expended	15	**44,199,617**	29,933,172
	Operating expenses	16	**21,549,269**	12,145,984
	Provisions and contingencies	17(5.2.1)	**11,548,863**	6,048,226
	TOTAL		**77,297,749**	**48,127,382**
III	**NET PROFIT FOR THE YEAR (I - II)**		**10,710,290**	6,590,283
	Balance in Profit & Loss account brought forward from previous year		**10,290,740**	7,310,390
	Utilisation for Employee Benefits Provision under Accounting Standard (AS)-15 (Revised)		**-**	(318,028)
IV	**AMOUNT AVAILABLE FOR APPROPRIATION**		**21,001,030**	13,582,645
V	**APPROPRIATIONS :**			
	Transfer to Statutory Reserve		**2,677,572**	1,647,571
	Transfer to Capital Reserve	17(5.3.1)	**268,389**	156,415
	Proposed Dividend (includes tax on dividend)	17(5.3.4)	**2,516,380**	1,487,919
	Balance in Profit & Loss account carried forward		**15,538,689**	10,290,740
	TOTAL		**21,001,030**	**13,582,645**
VI	**EARNINGS PER EQUITY SHARE**	17(5.3.2)		
	(Face value Rs.10/- per share) (Rupees)			
	Basic		**32.15**	23.50
	Diluted		**31.31**	22.79
	Significant Accounting Policies and Notes to Accounts	17		
	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.
Chartered Accountants

For Axis Bank Ltd.

P. J. Nayak
Chairman & CEO

per Viren H. Mehta
Partner
Membership No.: 048749

N. C. Singhal
Director

R. H. Patil
Director

R. B. L. Vaish
Director

P. J. Oza
Company Secretary

Date: 21 April 2008
Place: Mumbai

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	Year ended 31-03-2008 *(Rs. in Thousands)*	Year ended 31-03-2007 *(Rs. in Thousands)*
Cash flow from operating activities		
Net profit before taxes	**16,462,737**	**9,962,386**
Adjustments for:		
Depreciation & impairment provision on fixed assets	**1,581,140**	1,118,640
Depreciation on investments	**65,459**	669,666
Amortisation of premium on Held to Maturity investments	**977,647**	987,486
Provision for Non Performing Advances/Investments (including bad debts)	**3,440,118**	737,370
General provision on securitised assets	**(1,123)**	25,400
Provision on standard assets	**1,534,574**	1,223,500
General provision for retail assets	**-**	17,700
Provision for wealth tax	**2,155**	2,487
Loss on sale of fixed assets	**151,762**	29,101
Provision for country risk	**35,500**	-
Contingent provision against derivatives	**719,733**	-
Amortisation of deferred employee compensation	**1,965**	27,067
	24,971,667	**14,800,803**
Adjustments for:		
(Increase)/Decrease in investments	**(26,351,275)**	(21,042,997)
(Increase)/Decrease in advances	**(231,262,229)**	(146,307,497)
Increase/(Decrease) in borrowings	**4,284,375**	25,146,713
Increase/(Decrease) in deposits	**288,406,194**	186,720,698
(Increase)/Decrease in other assets	**(7,918,483)**	(1,318,740)
Increase/(Decrease) in other liabilities & provisions	**14,234,756**	(914,451)
Direct taxes paid	**(6,760,519)**	(4,129,261)
Net cash flow from operating activities	**59,604,486**	**52,955,268**
Cash flow from investing activities		
Purchase of fixed assets	**(4,355,834)**	(2,225,963)
(Increase)/Decrease in Held to Maturity Investments	**(42,795,739)**	(34,364,646)
Proceeds from sale of fixed assets	**126,372**	34,855
Net cash used in investing activities	**(47,025,201)**	**(36,555,754)**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	Year ended 31-03-2008 (Rs. in Thousands)	Year ended 31-03-2007 (Rs. in Thousands)
Cash flow from financing activities		
Proceeds from issue of Subordinated debt (net of repayment)	**(2,455,000)**	3,393,000
Proceeds from issue of Perpetual debt and Upper Tier II instruments	**1,734,198**	13,735,120
Proceeds from issue of Share Capital	**760,789**	29,401
Proceeds from Share Premium (net of share issue expenses)	**44,706,032**	330,025
Payment of Dividend	**(1,488,087)**	(1,117,416)
Net cash generated from financing activities	**43,257,932**	**16,370,130**
Effect of exchange fluctuation on translation reserve	**22,136**	(5,015)
Net increase in cash and cash equivalents	**55,859,353**	32,764,629
Cash and cash equivalents as at 1 April 2007	**69,183,051**	36,418,422
Cash and cash equivalents as at 31 March 2008	**125,042,404**	69,183,051

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.
Chartered Accountants

For Axis Bank Ltd.

P. J. Nayak
Chairman & CEO

per Viren H. Mehta
Partner
Membership No.: 048749

N. C. Singhal
Director

R. H. Patil
Director

R. B. L. Vaish
Director

P. J. Oza
Company Secretary

Date: 21 April 2008
Place: Mumbai

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2008

	As on 31-03-2008 *(Rs. in Thousands)*	As on 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 1 - CAPITAL		
Authorised Capital		
500,000,000 Equity Shares of Rs. 10/- each	**5,000,000**	3,000,000
(Previous year - 300,000,000 Equity Shares of Rs.10/- each)		
Issued, Subscribed and Paid-up capital		
357,709,669 Equity Shares of Rs. 10/- each fully paid up	**3,577,097**	2,816,308
(Previous year - 281,630,787 Equity Shares of Rs.10/- each fully paid-up)		
[Included above are 13,033,458 GDRs (previous year 11,994,991) representing 13,033,458 equity shares (previous year 11,994,991)]		
SCHEDULE 2 - RESERVES AND SURPLUS		
I. **Statutory Reserve**		
Opening Balance	**5,846,822**	4,199,251
Additions during the year	**2,677,572**	1,647,571
	8,524,394	**5,846,822**
II. **Share Premium Account**		
Opening Balance	**13,956,295**	13,554,592
Additions during the year	**45,248,464**	401,703
Less: Share issue expenses [refer 17(5.1)]	**(472,552)**	-
	58,732,207	**13,956,295**
III. **General Reserve**		
Opening Balance	**143,000**	143,000
Additions during the year	**-**	-
	143,000	**143,000**
IV. **Capital Reserve**		
Opening Balance	**883,509**	727,094
Additions during the year	**268,389**	156,415
	1,151,898	**883,509**
V. **Foreign Currency Translation Reserve**		
Opening Balance	**(4,385)**	630
Additions during the year [refer 17(4.5)]	**22,136**	(5,015)
	17,751	**(4,385)**
VI. **Balance in Profit & Loss Account**	**15,538,689**	10,290,740
TOTAL	**84,107,939**	**31,115,981**

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2008

	As on 31-03-2008 *(Rs. in Thousands)*	As on 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
(i) From banks	**8,957,267**	7,490,364
(ii) From others	**191,488,521**	105,552,753
II. Savings Bank Deposits	**199,824,102**	121,258,808
III. Term Deposits		
(i) From banks	**36,841,899**	60,206,636
(ii) From others	**439,150,417**	293,347,450
TOTAL	**876,262,206**	**587,856,011**
B. I. Deposits of branches in India	**863,916,347**	585,729,192
II. Deposits of branches outside India	**12,345,859**	2,126,819
TOTAL	**876,262,206**	**587,856,011**
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
(i) Reserve Bank of India	**-**	-
(ii) Other Banks	**-**	6,000,000
(iii) Other institutions & agencies	**5,466,886**	12,038,952
II. Borrowings outside India	**50,773,519**	33,917,078
TOTAL	**56,240,405**	**51,956,030**
Secured borrowing included in I & II above	**-**	-
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	**21,022,319**	13,095,209
II. Inter - office adjustments (net)	**-**	-
III. Interest accrued	**1,777,562**	1,772,747
IV. Proposed dividend (includes tax on dividend)	**2,511,015**	1,482,723
V. Subordinated Debt #	**18,824,000**	21,279,000
VI. Perpetual Debt and Upper Tier II instruments *	**15,469,318**	13,735,120
VII. Contingent provision against standard assets	**3,589,183**	2,054,609
VIII. Others (including provisions) @	**12,375,575**	5,318,634
TOTAL	**75,568,972**	**58,738,042**

Represents Subordinated Debt of 5,862 Bonds (previous year 10,772 Bonds) of Rs. 5,00,000/- each and 15,893 Bonds (previous year 15,893 Bonds) of Rs. 10,00,000/- each, in the nature of Non Convertible Debentures [Also refer 17(5.2.2)]

* Represents Rs. 398.55 crores (previous year Rs. 413.96 crores) of Perpetual Debt and Rs.1,148.38 crores (previous year Rs. 959.55 crores) of Upper Tier II instruments [Also refer 17(5.2.3)]

@ Includes contingent provision against derivatives of Rs. 71.97 crores [previous year Rs. Nil]

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2008

		As on 31-03-2008 *(Rs. in Thousands)*	As on 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I.	Cash in hand & in ATM [including foreign currency notes]	**15,203,276**	8,367,508
II.	Balances with Reserve Bank of India :		
	(i) in Current Account	**57,853,293**	38,242,795
	(ii) in Other Accounts	**-**	-
	TOTAL	**73,056,569**	46,610,303
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I.	In India		
	(i) Balance with Banks		
	(a) in Current Accounts	**10,461,131**	6,242,429
	(b) in Other Deposit Accounts	**719,499**	524,183
	(ii) Money at Call and Short Notice		
	(a) With banks	**31,075,560**	12,137,816
	(b) With other institutions	**-**	-
	TOTAL	**42,256,190**	18,904,428
II.	Outside India		
	(i) in Current Accounts	**3,845,647**	2,903,160
	(ii) in Other Deposit Accounts	**1,203,600**	679,180
	(iii) Money at Call & Short Notice	**4,680,398**	85,980
	TOTAL	**9,729,645**	3,668,320
	GRAND TOTAL (I+II)	**51,985,835**	22,572,748

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2008

		As on 31-03-2008 (Rs. in Thousands)	As on 31-03-2007 (Rs. in Thousands)

SCHEDULE 8 - INVESTMENTS

		As on 31-03-2008 (Rs. in Thousands)	As on 31-03-2007 (Rs. in Thousands)
I.	**Investments in India in -**		
	(i) Government Securities ## **	**201,788,389**	164,308,412
	(ii) Other approved securities	**-**	-
	(iii) Shares	**5,855,920**	4,627,908
	(iv) Debentures and Bonds $	**108,211,618**	70,448,978
	(v) Investment in Subsidiaries / Joint Ventures	**380,000**	99,999
	(vi) Others @ (Mutual Fund units, CD / CP, NABARD deposits, PTC etc.)	**15,688,378**	24,790,893
	Gross Investments in India	**331,924,305**	264,276,190
	Less : Depreciation in the value of investments (includes provision for Non Performing Investments Rs. 8.96 crores, previous year Rs.6.67 crores)	**(958,994)**	(923,298)
	Net investments in India	**330,965,311**	263,352,892
II.	**Investments outside India in -**		
	(i) Government Securities (including local authorities)	**-**	54,551
	(ii) Subsidiaries and / or joint ventures abroad	**-**	-
	(iii) Others	**6,138,360**	5,564,160
	Gross Investments outside India	**6,138,360**	5,618,711
	Less : Depreciation in the value of investments	**(52,663)**	-
	Net investments outside India	**6,085,697**	5,618,711
	GRAND TOTAL (I+II)	**337,051,008**	**268,971,603**

@ Includes deposits with NABARD Rs. 1,000.69 crores (previous year Rs. 866.89 crores) and PTC's Rs. 530.66 crores (previous year Rs. 1,344.40 crores)

Includes securities costing Rs. 3,871.77 crores (previous year Rs. 3,581.47 crores) pledged for availment of fund transfer facility, clearing facility and margin requirement

** Includes Repo Lending of Rs. 503.75 crores (previous year Rs. 1,350.94 crores) and net of Repo borrowing of Rs. Nil under the Liquidity Adjustment Facility (previous year Rs. 304.64 crores) in line with Reserve Bank of India requirements.

$ Includes securities costing Rs. 175.06 crores (previous year Rs. 321.76 crores) pledged for margin requirement

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2008

			As on 31-03-2008 *(Rs. in Thousands)*	As on 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 9 - ADVANCES				
A.	(i)	Bills purchased and discounted #	**20,236,224**	12,737,121
	(ii)	Cash credits, overdrafts and loans repayable on demand	**164,432,415**	98,866,064
	(iii)	Term loans	**411,942,807**	257,161,647
	TOTAL		**596,611,446**	**368,764,832**
B.	(i)	Secured by tangible assets $	**482,473,382**	305,022,866
	(ii)	Covered by Bank/Government Guarantees &&	**17,698,818**	14,489,278
	(iii)	Unsecured	**96,439,246**	49,252,688
	TOTAL		**596,611,446**	**368,764,832**
C.	I.	Advances in India		
	(i)	Priority Sector	**165,722,514**	131,963,322
	(ii)	Public Sector	**62,114**	215,406
	(iii)	Banks	**276,307**	276,841
	(iv)	Others	**376,741,283**	210,553,634
	TOTAL		**542,802,218**	**343,009,203**
	II.	Advances Outside India		
	(i)	Due from banks	**-**	-
	(ii)	Due from others -		
		(a) Bills purchased and discounted	**2,151,461**	2,913,534
		(b) Syndicated loans	**20,476,677**	2,441,985
		(c) Others	**31,181,090**	20,400,110
	TOTAL		**53,809,228**	**25,755,629**
	GRAND TOTAL [C I + C II]		**596,611,446**	**368,764,832**

Bills purchased & discounted are net of Rs. Nil (previous year Rs. 700 crores) of borrowings under the Bills Rediscounting Scheme

$ 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 2008

		As on 31-03-2008 *(Rs. in Thousands)*	As on 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 10 - FIXED ASSETS			
I.	Premises		
	At cost at the beginning of the year	**337,296**	337,296
	Additions during the year	**224,629**	-
	Deductions during the year	**(61,603)**	**-**
	Depreciation to date	**(86,192)**	(72,401)
	TOTAL	**414,130**	**264,895**
II.	Other fixed assets (including Furniture & Fixtures)		
	At cost at the beginning of the year	**9,886,993**	7,884,495
	Additions during the year	**3,094,603**	2,121,499
	Deductions during the year	**(399,916)**	(119,001)
	Depreciation to date	**(5,416,626)**	(4,191,322)
	TOTAL	**7,165,054**	**5,695,671**
III.	Assets on Lease		
	At cost at the beginning of the year	**765,000**	765,000
	Additions during the year	**-**	-
	Deductions during the year	**-**	-
	Depreciation to date	**(276,010)**	(241,776)
	Provision for impairment	**(124,426)**	-
	TOTAL	**364,564**	**523,224**
		7,943,748	6,483,790
IV.	CAPITAL WORK-IN-PROGRESS (including capital advances)	**1,284,753**	248,151
	GRAND TOTAL (I+II+III+IV)	**9,228,501**	**6,731,941**

SCHEDULE 11 - OTHER ASSETS			
I.	Inter-office adjustments (net)	**-**	-
II.	Interest Accrued	**9,078,710**	6,419,098
III.	Tax paid in advance/tax deducted at source (net of provisions)	**447,785**	1,035,768
IV.	Stationery and stamps	**9,188**	8,463
V.	Non banking assets acquired in satisfaction of claims	**-**	-
VI.	Others #	**18,309,445**	11,457,399
	TOTAL	**27,845,128**	**18,920,728**

Includes deferred tax assets of Rs. 319.05 crores (previous year Rs. 159.66 crores)

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31 MARCH 2008

SCHEDULE 12 - CONTINGENT LIABILITIES

		As on 31-03-2008 *(Rs. in Thousands)*	As on 31-03-2007 *(Rs. in Thousands)*
I.	Claims against the bank not acknowledged as debts	**2,547,691**	1,707,515
II.	Liability for partly paid investments	**-**	-
III.	Liability on account of outstanding forward exchange and derivative contracts :		
	(a) Forward Contracts	**643,204,542**	507,359,036
	(b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	**1,565,202,992**	1,174,108,994
	(c) Foreign Currency Options	**161,000,980**	52,836,220
	TOTAL	**2,369,408,514**	**1,734,304,250**
IV.	Guarantees given on behalf of constituents:		
	In India	**117,963,502**	43,813,548
	Outside India	**1,755,695**	50,287
V.	Acceptances, endorsements and other obligations	**82,465,595**	54,771,930
VI.	Other items for which the bank is contingently liable	**14,815,000**	7,000,000
	TOTAL	**2,588,955,997**	**1,841,647,530**

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

		Year ended 31-03-2008 (Rs. in Thousands)	Year ended 31-03-2007 (Rs. in Thousands)
SCHEDULE 13 - INTEREST EARNED			
I.	Interest/discount on advances/bills	**47,456,516**	27,028,573
II.	Income on investments	**21,023,156**	16,327,166
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	**1,076,363**	773,012
IV.	Others	**497,116**	487,801
	TOTAL	**70,053,151**	**44,616,552**
SCHEDULE 14 - OTHER INCOME			
I.	Commission, exchange and brokerage	**13,207,034**	7,789,647
II.	Profit/(Loss) on sale of Investments/Derivative transactions (net)	**2,202,528**	608,753
III.	Profit on exchange transactions (net)	**2,074,816**	1,248,471
IV.	Profit/(Loss) on sale of fixed assets (net)	**(151,762)**	(29,101)
V.	Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	**-**	-
VI.	Lease rentals	**34,703**	34,764
VII.	Miscellaneous Income [including recoveries on account of advances/investments written off in earlier years Rs. 44.90 crores (previous year Rs. 23.62 crores) and profit on account of portfolio sell downs/securitisation Rs. 9.06 crores (previous year Rs.2.00 crores)]	**587,569**	448,579
	TOTAL	**17,954,888**	**10,101,113**
SCHEDULE 15 - INTEREST EXPENDED			
I.	Interest on deposits	**37,425,239**	24,808,886
II.	Interest on Reserve Bank of India/Inter-bank borrowings	**1,763,008**	1,687,973
III.	Others @	**5,011,370**	3,436,313
	TOTAL	**44,199,617**	**29,933,172**
@	Including interest on repos & subordinated debt		
SCHEDULE 16 - OPERATING EXPENSES			
I.	Payments to and provisions for employees	**6,702,491**	3,813,461
II.	Rent, taxes and lighting	**2,529,253**	1,590,798
III.	Printing and stationery	**539,970**	375,770
IV.	Advertisement and publicity	**744,063**	296,166
V.	Depreciation on bank's property (incl. impairment provision)	**1,581,140**	1,118,640
VI.	Directors' fees, allowance and expenses	**7,028**	5,879
VII.	Auditor's fees and expenses	**6,648**	5,038
VIII.	Law charges	**51,938**	63,823
IX.	Postage, telegrams, telephones etc.	**1,011,919**	700,988
X.	Repairs and maintenance	**1,895,940**	1,288,730
XI.	Insurance	**767,215**	548,129
XII.	Other expenditure	**5,711,664**	2,338,562
	TOTAL	**21,549,269**	**12,145,984**

17 Significant accounting policies and notes forming part of the financial statements for the year ended 31 March 2008

(Currency : In Indian Rupees)

1 Background

Axis Bank Limited (the 'Bank') was incorporated in 1993 and provides a complete suite of corporate and retail banking products. Pursuant to the approval received from the Registrar of Companies, Gujarat, the Bank has changed its name from 'UTI Bank Limited' to 'Axis Bank Limited' with effect from 30 July 2007.

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, the Accounting Standards ('AS') issued by the Institute of Chartered Accountants of India ('ICAI') and notified by Companies Accounting Standard Rules, 2006 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 recognised prospectively in the current and future periods.

4 Significant accounting policies

4.1 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 resale 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 only of 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 in the nature of advances 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 for at the acquisition cost/book value/market value as on the date of transfer, whichever is lower, and the depreciation, if any, on such transfer is recognised in the profit and loss account.

Valuation

Investments classified under the HTM category are carried at acquisition cost. Any premium on acquisition over face value is amortised on a straight-line 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 ("FIMMDA"), periodically. Net depreciation, if any, within each category of investments is recognised 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 and Commercial Paper, 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 50 basis points to the Base Yield Curve of Central Government Securities;
- market value of unquoted State Government securities is derived by applying the YTM method by marking it up by 25 basis points above the yields of the Central Government Securities of equivalent maturity 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 various 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 categorised as 'Held to Maturity' in accordance with RBI guidelines.

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 recognised as interest income/expense over the period of the transaction. However, depreciation in their value, if any, compared to their original cost, is recognised in the profit and loss account.

4.2 Advances

Advances are classified into performing and non-performing advances (NPAs) as per RBI guidelines and are stated net of specific provisions made towards Non Performing Advances. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. Provisions for NPAs (other than retail advances) are made for sub-standard and doubtful assets at rates as 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.

In the case of retail advances, provisions are made 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.

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

A general provision @ 0.25% to 2.00% is made on the various classes of standard assets as prescribed by RBI.

4.3 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 categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit and provisioning 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.

4.4 Securitisation

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle (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 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 securitisation transaction is recognised over the period of the underlying securities issued by the SPV. Loss on securitisation is immediately debited to profit and loss account.

4.5 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. 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 recognised 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 Non-Resident ('FCNR') deposits 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.

Premium/discount on currency swaps undertaken to hedge FCNR deposits is recognised as interest income/expense and is amortised on a straight-line 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.

4.6 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 unrealised gain or loss being recognised in the profit and loss account and correspondingly in other assets or other liabilities respectively. Hedged swaps/options are accounted for on an accrual basis.

4.7 Revenue recognition

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

Commission income on deferred payment guarantees, is recognised pro-rata over the period of the guarantee. All other fee income is recognised upfront on its becoming due.

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 recognised at the time of sale.

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

4.8 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
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 recognised on a pro-rata basis to the profit and loss account till the date of sale.

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised 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.

4.9 Lease transactions

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

Lease payments for assets taken on operating lease are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

4.10 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 determines 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.

Superannuation

Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme. Superannuation is a defined contribution plan under which 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 recognised 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.

4.11 Credit Card reward points

The Bank estimates the probable redemption of 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.

4.12 Taxation

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 tax adjustments comprise changes in the deferred tax assets or liabilities during the period.

Deferred tax assets and liabilities are recognised on a prudent basis for the future tax consequences of timing differences arising between the carrying values of assets and liabilities and their respective tax basis, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted prior to the balance sheet date. The impact of changes in the deferred tax assets and liabilities is recognised in the profit and loss account.

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

4.13 Share Issue Expenses

Share issue expenses are adjusted from share premium account.

4.14 Earnings per share

The Bank reports basic and diluted earnings per share in accordance with AS 20 -'Earnings per Share' issued by the ICAI. 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.

4.15 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.

4.16 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 recognised 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 the Board of Directors meeting in which options are granted / shares are issued, 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.

4.17 Provisions, contingent liabilities and contingent assets

A provision is recognised 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 recognised 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 recognised 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 recognised in the period in which the change occurs.

5 Notes to Accounts

5.1 Share Capital

During the year ended 31 March 2008, the Bank raised additional equity capital in the form of 1,41,32,466 Global Depository Receipts (GDRs) (each GDR representing 1 underlying equity share of Rs. 10/- each), at a price of US$ 15.43 per GDR. The Bank also undertook a Qualified Institutional Placement (QIP) of 2,82,64,934 shares and a preferential allotment of 3,06,95,129 shares at a price of Rs. 620/- per share. As a consequence, the paid-up share capital of the Bank has increased by Rs. 73.09 crores and the reserves of the Bank have increased by Rs. 4,414.01 crores after charging of issue related expenses.

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

5.2 Statutory disclosures as per RBI

5.2.1 'Provisions and contingencies' recognised in the profit and loss account include:

(Rs. in crores)

For the year ended	**31 March 2008**	31 March 2007
Provision for income tax		
- Current tax for the year	**725.59**	412.60
- Deferred tax for the year	**(159.39)**	(81.36)
Provision for fringe benefit tax	**9.05**	5.97
	575.25	337.21
Provision for wealth tax	**0.22**	0.25
Provision for non performing advances & investments, (including bad debts written off and write backs)	**344.01**	73.73
Provision towards standard assets	**153.46**	122.35
General provision for retail loans	**-**	1.77
Provision for depreciation in value of investments	**6.54**	66.97
Provision for securitised assets	**(0.11)**	2.54
Contingent provision against derivatives	**71.97**	-
Provision for country risk	**3.55**	-
Total	**1,154.89**	604.82

5.2.2 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 I requirement being higher) is set out below:

(Rs. in crores)

	31 March 2008	31 March 2007
Capital adequacy		
Tier I	**8,822.52**	3,636.21
Tier II	**3,082.75**	2,918.29
Total capital	**11,905.27**	6,554.50
Total risk weighted assets and contingents	**86,719.66**	56,643.37
Capital ratios		
Tier I	**10.17%**	6.42%
Tier II	**3.56%**	5.15%
CRAR	**13.73%**	11.57%
Amount of Subordinated Debt raised as Tier-II capital (as per details given below)	**NIL**	Rs. 389.30 crores

The Bank has not raised any subordinated debt during the year ended 31 March 2008.

During the year ended 31 March 2008, the Bank redeemed subordinated debt of Rs. 245.50 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
28 April 2007	85 months	11.75%	Rs. 100.00 crores
4 June 2007	66 months	9.80%	Rs. 112.00 crores
27 June 2007	63 months	9.30%	Rs. 33.50 crores

During the year ended 31 March 2007, the Bank raised subordinated debt of Rs. 389.30 crores, the details of which are set out below:

Date of allotment	Period	Coupon	Amount
28 June 2006	87 months	8.95%	Rs. 33.50 crores
	120 months	9.10%	Rs. 104.90 crores
30 March 2007	120 months	10.10%	Rs. 250.90 crores

During the year ended 31 March 2007, the Bank redeemed subordinated debt of Rs. 50 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
28 June 2006	63 months	11.10 %	Rs. 50 crores

5.2.3 During the year ended 31 March 2008, the Bank raised hybrid capital in the form of Upper Tier II bonds qualifying as Tier II capital, the details of which are set out below:

Type of Capital	Date of allotment	Period	Coupon	Amount
Upper Tier II	28 June 2007	180 months	7.125%	(USD 60 million) Rs. 240.72 crores

During the year ended 31 March 2007, the Bank raised hybrid capital in the form of Perpetual Debt of Rs. 413.96 crores qualifying as Tier I capital and Upper Tier II bonds Rs. 959.55 crores qualifying as Tier II capital, the details of which are set out below:

Type of Capital	Date of allotment	Period	Coupon	Amount
Upper Tier II	11 August 2006	180 months	7.25%	(USD 150 million) Rs. 652.05 crores
Perpetual Debt	30 September 2006	Perpetual	10.05%	Rs. 214.00 crores
Perpetual Debt	15 November 2006	Perpetual	7.167%	(USD 46 million) Rs. 199.96 crores
Upper Tier II	24 November 2006	180 months	9.35%	Rs. 200.00 crores
Upper Tier II	6 February 2007	180 months	9.50%	Rs. 107.50 crores

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

As at	31 March 2008 %	31 March 2007 %
Interest income as a percentage to working funds #	**8.08**	7.42
Non-interest income as a percentage to working funds	**2.07**	1.68
Operating profit as a percentage to working funds	**2.57**	2.10
Return on assets (based on average working funds)	**1.24**	1.10
Business (deposits less inter bank deposits plus advances) per employee**	**Rs. 11.17 crores**	Rs. 10.24 crores
Profit per employee**	**Rs. 8.39 lacs**	Rs. 7.59 lacs
Net non performing assets as a percentage of net customer assets *	**0.36**	0.61

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

* Net Customer assets include advances and credit substitutes

** Productivity ratios are based on average employee numbers

5.2.5 Asset Quality

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

	31 March 2008 %	31 March 2007 %
Net non performing assets as a percentage of net advances	**0.42**	0.72

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

(Rs. in crores)

	31 March 2008 Gross	31 March 2007 Gross
Opening balance at the beginning of the year	**418.67**	377.95
Additions during the year	**384.21**	169.31
Reductions during the year	**(308.27)**	(128.59)
Closing balance at the end of the year	**494.61**	418.67

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

(Rs. in crores)

	31 March 2008 Net	31 March 2007 Net
Opening balance at the beginning of the year	**266.33**	219.83
Additions during the year	**135.78**	92.49
Reductions during the year	**(153.82)**	(45.99)
Closing balance at the end of the year	**248.29**	266.33

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

(Rs. in crores)

	31 March 2008	31 March 2007
Opening balance at the beginning of the year	**152.34**	158.12
Provisions made during the year	**248.43**	76.82
Write-offs/write back of excess provisions	**(154.45)**	(82.60)
Closing balance at the end of the year	**246.32**	152.34

5.2.6 Movement in Floating Provision is set out below:

(Rs. in crores)

For the year ended	31 March 2008	31 March 2007
Opening balance at the beginning of the year	**1.75**	24.96
Provisions made during the year	**2.87**	-
Draw down made during the year	**-**	(23.21)
Closing balance at the end of the year	**4.62**	1.75

Based on the guidelines contained in Reserve Bank of India circular DBOD.No. BP.BC.89/21.04.048/2005-06 dated June 22, 2006 the general provision of Rs. 2.87 crores held as on 31 March 2007 in respect of retail advances for bucketwise provisioning for delinquencies less than 90 days was categorised as floating provision effective 1 April 2007. Consequently, the Bank no longer creates such provisions in respect of retail advances with effect from 1 April 2007.

5.2.7 Provision on Standard Assets

(Rs. in crores)

	31 March 2008	31 March 2007
Provision towards Standard Assets	**358.92**	205.46

5.2.8 Details of Investments are set out below:

i) Value of Investments:

(Rs. in crores)

	31 March 2008	31 March 2007
1) Gross value of Investments		
a) In India	**33,192.43**	26,427.62
b) Outside India	**613.84**	561.87
2) Provision for Depreciation/Non-Performing Investments		
a) In India	**95.90**	92.33
b) Outside India	**5.27**	-
3) Net value of Investments		
a) In India	**33,096.53**	26,335.29
b) Outside India	**608.57**	561.87

ii) Movement of provisions held towards depreciation on investments:

(Rs. in crores)

	31 March 2008	31 March 2007
Opening balance	**85.66**	18.69
Add: Provisions made during the year	**6.54**	66.97
Less: Write offs/write back of excess provisions during the year	**-**	-
Closing balance	**92.20**	85.66

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

(Rs. in crores)

As at	**31 March 2008**	31 March 2007
A. Exposure to Real Estate Sector		
1) *Direct Exposure*		
(i) Residential mortgages	**7,779.63**	4,763.53
- of which housing loans upto Rs. 15 lakhs	**2,824.62**	2,287.26
(ii) Commercial real estate	**5,914.04**	3,885.16
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised 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)	**1,508.38**	2,561.30
Total Exposure to Real Estate Sector	**15,202.05**	11,209.99

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	**498.66**	281.19
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	**64.09**	62.00
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	**195.53**	**-**
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	**15.06**	-
5.	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and marketmakers	**831.31**	330.60
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	**-**	-
9.	Financing to stock brokers for margin trading	**-**	-
10.	All exposures to Venture Capital Funds (both registered and unregistered)	**246.03**	267.95
	Total exposure to Capital Market (Total of 1 to 10)	**1,850.68**	941.74

5.2.10 Details of loan assets subjected to restructuring are given below:

(Rs. in crores)

Particulars	**31 March 2008**			31 March 2007		
	Number	**Amount**	**Interest Sacrifice**	Number	Amount	Interest Sacrifice
i) Total amount of loan assets subjected to restructuring, rescheduling, renegotiation	712	629.70	5.84	722	216.95	1.68
- of which under CDR	4	253.92	-	-	-	-
ii) Total amount of Standard assets subjected to restructuring, rescheduling, renegotiation	711	623.67	5.84	312	178.13	1.68
- of which under CDR	4	253.92	-	-	-	-
iii) The amount of Sub-Standard loan assets subjected to restructuring, rescheduling, renegotiation	-	-	-	189	5.95	-
- of which under CDR	-	-	-	-	-	-
iv) The amount of Doubtful assets subjected to restructuring, rescheduling, renegotiation	1	6.03	-	221	32.87	-
- of which under CDR	-	-	-	-	-	-

5.2.11 Details of restructuring undertaken by the Bank during the year for SME accounts are given below:

(Rs. in crores)

Particulars	31 March 2008	31 March 2007
i) Total amount of assets of SMEs subjected to restructuring	**58.02**	62.52
ii) The amount of standard assets of SMEs subjected to restructuring	**51.99**	50.95
iii) The amount of sub-standard assets of SMEs subjected to restructuring	**-**	-
iv) The amount of doubtful assets of SMEs subjected to restructuring	**6.03**	11.57

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

i) Issuer composition as at 31 March 2008 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	2,069.61	1,177.52	21.54	99.99	99.99
ii.	Financial Institutions	3,700.26	2,532.55	7.00	-	7.00
iii.	Banks	1,729.87	1,249.93	10.00	-	439.31
iv.	Private Corporates	5,521.54	4,547.16	491.54	16.63	333.65
v.	Subsidiaries/ Joint Ventures	38.00	38.00	-	-	-
vi.	Others	568.15	309.15	-	-	-
vii.	Provision held towards depreciation/non-performing investments	(101.16)	-	-	-	-
	Total	**13,526.27**	**9,854.31**	**530.08**	**116.62**	**879.95**

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

Issuer composition as at 31 March 2007 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	1,329.71	660.56	-	-	-
ii.	Financial Institutions	2,414.06	1,995.80	7.00	-	7.00
iii.	Banks	1,145.58	752.89	5.00	-	556.42
iv.	Private Corporates	5,386.05	3,954.28	650.40	17.90	435.82
v.	Subsidiaries/ Joint Ventures	10.00	10.00	-	-	-
vi.	Others	273.25	-	-	-	5.45
vii.	Provision held towards depreciation/non-performing investments	(91.16)	-	-	-	-
	Total	**10,467.49**	**7,373.53**	**662.40**	**17.90**	**1,004.69**

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 2008	31 March 2007
Opening balance	**8.07**	3.67
Additions during the year since 1st April	**1.12**	4.40
Reductions during the above period	**(0.23)**	-
Closing balance	**8.96**	8.07
Total provisions held	**8.96**	6.67

5.2.13 Details of securities sold/ purchased during the year ended 31 March 2008 & 31 March 2007 under repos/ reverse repos (excluding LAF transactions):

Year ended 31 March 2008 *(Rs. in crores)*

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March 2008
Securities sold under repos	-	111.91	42.71	-
Securities purchased under reverse repos	-	773.94	45.63	503.75

Year ended 31 March 2007 *(Rs. in crores)*

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March 2007
Securities sold under repos	-	243.82	44.06	-
Securities purchased under reverse repos	-	1,350.94	57.69	1,350.94

5.2.14 Details of financial assets sold to Securitisation/Reconstruction companies for Asset Reconstruction:

(Rs. in crores)

	31 March 2008	31 March 2007
Number of accounts	-	-
Book Value of loan asset securitised	-	-
Aggregate value (net of provisions) of accounts sold		-
Aggregate consideration	-	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain/loss over net book value	-	-

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

(Rs. in crores)

	31 March 2008	31 March 2007
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	-	-

5.2.16 Details of securitisation transactions undertaken by the Bank in the year are as follows:

(Rs. in crores)

	31 March 2008	31 March 2007
Number of loan accounts securitised	**19**	2
Book value of loan assets securitised	**3,201.95**	547.16

Sale consideration received for the securitised assets	**3,209.79**	550.09
Net gain / loss over net book value	**7.84**	2.93
Net gain / loss recognised in profit and loss account	**4.68**	2.00

The information on securitisation activity of the Bank as an originator as on 31 March 2008 and 31 March 2007 is given below:

(Rs. in crores)

	31 March 2008	31 March 2007
Outstanding credit enhancement (cash collateral)	**13.66**	15.51
Outstanding liquidity facility	**-**	-
Outstanding servicing liability	**0.54**	0.54
Outstanding investment in PTCs	**0.84**	1.50

5.2.17 During the year, the Bank's credit exposures to single borrower and group borrowers were within the prudential exposure limits prescribed by RBI except in 2 cases viz., UTI Asset Management Company Ltd. and HDFC Ltd., 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	**Original Exposure Ceiling**	**Limit Sanctioned**	**% of excess limit over original ceiling**	**Exposure Ceiling as on 31 March 2008**	**Exposure as on 31 March 2008**
HDFC Ltd	983.18	1,031.78	4.94	1,690.75	1,620.21
UTI Asset Management Co. Ltd.	983.18	1,000.00	1.71	1,690.75	1,000.00

5.2.18 Details of Risk Categorywise Country Exposure:

(Rs. in crores)

Risk Category	**Exposure (Net) as at 31 March 2008**	**Provision Held as at 31 March 2008**	**Exposure (Net) as at 31 March 2007**	**Provision Held as at 31 March 2007**
Insignificant	1,787.72	-	735.70	-
Low	2,915.15	3.55	1,491.82	-
Moderate	31.56	-	72.28	-
High	11.68	-	2.64	-
Very High	4.26	-	0.32	-
Restricted	-	-	-	-
Off-Credit	-	-	-	-
Total	**4,750.37**	**3.55**	**2,302.76**	-

5.2.19 A maturity pattern of certain items of assets and liabilities at 31 March 2008 & 31 March 2007 is set out below:

Year ended 31 March 2008 *(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	946.11	3,186.03	1,630.37	3,301.66	9,240.09	10,809.56	17,775.58	16,228.92	790.14	23,717.76	**87,626.22**
Advances	745.63	1,518.74	550.81	713.04	2,963.36	2,709.54	6,218.47	7,698.98	8,944.38	27,598.19	**59,661.14**
Investments	564.39	1,692.28	1,200.48	2,821.79	4,884.78	3,157.22	4,913.26	5,176.20	2,254.81	7,039.89	**33,705.10**
Borrowings	-	-	100.30	160.48	450.75	727.34	966.63	3,189.79	1.82	26.93	**5,624.04**
Foreign Currency Assets	331.61	19.28	86.18	70.74	378.71	712.34	1,012.05	1,578.29	1,708.78	1,269.52	**7,167.49**
Foreign Currency Liabilities	42.09	264.51	117.49	447.53	1,597.37	665.68	1,085.80	2,609.11	28.27	62.26	**6,920.11**

The above disclosure has been made based on the revised maturity buckets as specified by RBI in its guidelines on Asset-Liability Management (ALM) system issued during the current year. Previous year's disclosure is therefore not comparable with the figures of the current year.

Year ended 31 March 2007 *(Rs. in crores)*

	1 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	5,387.38	1,910.46	9,166.39	8,016.92	9,381.96	23,615.99	966.67	339.81	**58,785.60**
Advances	1,428.48	358.97	1,333.87	1,870.50	3,101.90	11,767.50	6,554.65	10,460.61	**36,876.48**
Investments	2,532.15	2,180.60	5,608.64	2,501.75	2,472.26	7,405.04	1,982.31	2,214.41	**26,897.16**
Borrowings	33.87	-	773.88	1,023.05	1,053.34	1,597.34	707.67	6.45	**5,195.60**
Foreign Currency Assets	227.82	16.58	425.15	1,162.61	112.85	1,257.11	135.49	1,275.60	**4,613.21**
Foreign Currency Liabilities	131.53	22.90	743.42	523.48	1,286.87	1,242.32	1,625.32	1,211.55	**6,787.39**

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.

5.2.20 Disclosure in respect of Interest Rate Swaps (IRS), Forward Rate Agreement (FRA) and Cross Currency Swaps (CCS) outstanding at 31 March 2008 is set out below:

(Rs. in crores)

Sr. No.	Items	As at 31 March 2008	As at 31 March 2007
i)	Notional principal of swap agreements	**155,918.50**	117,410.90
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	**1,394.20**	1,153.44
iii)	Collateral required by the Bank upon entering into swaps	**76.92**	-
iv)	Concentration of credit risk arising from the swaps		
	Maximum single industry exposure with Banks (previous year with Banks)		
	- Interest Rate Swaps / FRAs	**79.73%**	75.11%
	- Cross Currency Swaps	**33.84%**	58.49%
v)	Fair value of the swap book		
	- Interest Rate Swaps / FRAs (hedging & trading)	**16.54**	(11.38)
	- Currency Swaps	**(1.90)**	30.03

The nature and terms of the IRS are set out below:

(Rs. in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	3	125.00	MIBOR	Fixed receivable v/s floating payable
Hedging	2	50.00	MIBOR	Fixed payable v/s floating receivable
Hedging	5	208.80	INBMK	Fixed receivable v/s floating payable
Hedging	3	240.72	LIBOR	Receive fixed / Pay floating
Trading	1,400	65,990.00	MIBOR	Fixed receivable v/s floating payable
Trading	1,409	66,075.00	MIBOR	Fixed payable v/s floating receivable
Trading	162	4,290.00	MIFOR	Fixed receivable v/s floating payable
Trading	155	4,125.00	MIFOR	Fixed payable v/s floating receivable
Trading	78	3,096.10	INBMK	Fixed receivable v/s floating payable

Trading	69	3,080.00	INBMK	Fixed payable v/s floating receivable
Trading	40	121.60	LIBOR	Fixed receivable v/s floating payable
Trading	28	789.95	LIBOR	Fixed payable v/s floating receivable
Trading	3	492.56	LIBOR	Fixed payable v/s fixed receivable
Trading	5	80.24	LIBOR	Receive fixed / Pay floating
Trading	5	96.29	LIBOR	Receive floating / Pay fixed
	3,367	**148,861.26**		

The nature and terms of the FRA's are set out below:

(Rs. in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading	49	1,274.37	LIBOR	Fixed receivable v/s floating payable
Trading	39	1,060.45	LIBOR	Fixed payable v/s floating receivable
	88	**2,334.82**		

The nature and terms of the CCS are set out below:

(Rs. in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Trading Swaps	22	1,354.90	LIBOR	Fixed payable v/s floating receivable
Trading Swaps	15	1,256.13	LIBOR	Fixed receivable v/s floating payable
Trading Swaps	1	36.11	LIBOR / INBMK	Floating receivable v/s floating payable
Trading Swaps	33	607.22	PRINCIPAL ONLY	Fixed receivable
Trading Swaps	32	587.16	PRINCIPAL ONLY	Fixed payable
Trading Swaps	2	118.62	PRINCIPAL ONLY	Fixed receivable & fixed payable
Trading Swaps	1	60.18	PRINCIPAL ONLY	Paying floating
Trading Swaps	1	60.18	PRINCIPAL ONLY	Receive floating
Hedging Swaps	5	641.92	LIBOR	Fixed payable
	112	**4,722.42**		

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

Details of Exchange Traded Interest Rate Derivatives are set out below:

(Rs. in crores)

Sr. No.	Particulars	As at 31 March 2008	As at 31 March 2007
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year		
	a) 90 Day Euro Future - March 09	**60.18**	-
	b) 90 Day Euro Future - June 08	**88.26**	-
	c) 90 Day Euro Future - June 09	**40.12**	-
	d) 90 Day Euro Future - September 08	**216.65**	-
	e) 90 Day Euro Future - September 09	**40.12**	-
	f) 90 Day Euro Future - December 08	**196.59**	-
	g) 3MO Euro EURIBOR - March 08	**1,015.00**	-
	h) 3MO Euro EURIBOR - September 08	**1,015.00**	-
	i) 30 Day InterBank - February 08	**770.65**	-
	j) JPN 10Y Bond (TSE) - March 08	**8.07**	-
	k) EURO-BUND Future - March 08	**822.15**	-
	l) EURO-BUND Future - June 08	**1,382.94**	-
	m) US 10 years Note - March 08	**60.18**	-
	n) US 10 years Note - June 08	**67.40**	-
	o) AUST 10Y Bond Future - March 08	**22.02**	-
		5,805.33	-

ii)	Notional principal amount of exchange traded interest derivatives outstanding as on 31 March 2008		
	a) 90 Day Euro Future - March 09	**20.06**	-
	b) 90 Day Euro Future - June 08	**88.26**	-
	c) 90 Day Euro Future - June 09	**40.12**	-
	d) 90 Day Euro Future - September 08	**216.65**	-
	e) 90 Day Euro Future - September 09	**40.12**	-
	f) 90 Day Euro Future - December 08	**196.59**	-
		601.80	-
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and "not highly effective"		
	a) 90 Day Euro Future - March 09	**20.06**	-
	b) 90 Day Euro Future - June 08	**88.26**	-
	c) 90 Day Euro Future - June 09	**40.12**	-
	d) 90 Day Euro Future - September 08	**216.65**	-
	e) 90 Day Euro Future - September 09	**40.12**	-
	f) 90 Day Euro Future - December 08	**196.59**	-
		601.80	-
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and "not highly effective"		
	a) 90 Day Euro Future - March 09	**(0.02)**	-
	b) 90 Day Euro Future - June 08	**(0.04)**	-
	c) 90 Day Euro Future - June 09	**(0.05)**	-
	d) 90 Day Euro Future - September 08	**(0.05)**	-
	e) 90 Day Euro Future - September 09	**(0.06)**	-
	f) 90 Day Euro Future - December 08	**(0.02)**	-
		(0.24)	-

The Bank undertakes derivative transactions for proprietary trading/market making, hedging own balance sheet and for client servicing. These transactions expose the Bank primarily to counter-party credit risk, market risk and operational risk. The Bank has adopted the following mechanism for monitoring the portfolio.

The Bank has set up appropriate risk limits for the derivative trading positions and the actual positions are monitored on a daily basis. Risk limits are fixed based on the analysis of market data on volatility, business strategy and management experience. A report on the risk assessment of the portfolio is periodically submitted to ALCO and Risk Management Committee of the Board in accordance with the regulatory guidelines and the internal risk policy laid down by the Bank. Value at Risk (VaR), Price Value of a Basis Point (PVBP) and option Greeks are computed and reported to appropriate internal authorities on a daily basis. Simulation of extreme scenarios, based on the significant disturbances observed in the past is carried out on the derivative portfolio. The Bank ensures that the gross PV01 (price value of a basis point) of all non-option rupee derivative contracts are within 0.25 per cent of the net worth of the Bank as on last date of the balance sheet.

The Bank has framed a hedging policy for using the derivative products in an efficient manner as a tool for mitigating market risk. During the year the Bank has put in place a policy on "Suitability and customer appropriateness", duly approved by the Board for selling derivative products to customers. The Bank undertakes hedge transactions that are permitted by RBI from time to time to protect against changes in the fair value of the underlying or variability in the cash flow that is attributable to a particular risk of a recognised asset or liability. The Bank assesses the hedge effectiveness of all the hedge deals at periodical intervals and transactions that do not conform to the hedge criteria are re-designated as trading deals with the approval of the competent authority and accordingly accounted like other trading transactions.

5.2.21 Disclosure on risk exposure in Derivatives

(Rs. in crores)

		As at 31 March 2008		
		Currency Derivatives		Interest rate Derivatives
Sr. No.	Particulars	CCS	Options	
1	**Derivatives (Notional Principal Amount)**			
	a) For hedging	641.92	-	624.52
	b) For trading	4,080.50	16,100.10	150,571.57
2	**Marked to Market Positions#**			
	a) Asset (+)	21.24	16.99	-
	b) Liability (-)	-	-	(4.27)
3	**Credit Exposure**	592.19	444.77	1,350.39
4	**Likely impact of one percentage change in interest rate (100*PV01) (as at 31st March 2008)**			
	a) on hedging derivatives	2.09	-	41.15
	b) on trading derivatives	0.26	-	3.47
5	**Maximum and Minimum of 100*PV01 observed during the year**			
	a) on hedging			
	I) Minimum	0.05	-	30.21
	II) Maximum	2.09	-	54.55
	b) on Trading			
	I) Minimum	0.06	-	1.79
	II) Maximum	3.45	-	18.92

Only on Trading derivatives

The notional principal amount of forex contracts classified as hedging outstanding at 31 March 2008 amounted to Rs. 2,498.59 crores (previous year Rs. 4,356.35 crores). The notional principal amount of forex contracts classified as trading outstanding at 31 March 2008 amounted to Rs. 77,454.54 crores (previous year Rs. 61,613.78 crores).

The net overnight open position at 31 March 2008 is Rs. 36.71 crores (previous year Rs. 46.71 crores).

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

5.2.23 Disclosure of Customer Complaints

a.	No. of complaints pending at the beginning of the year	13
b.	No. of complaints received during the year	1,720
c.	No. of complaints redressed during the year	1,681
d.	No. of complaints pending at the end of the year	52

5.2.24 Disclosure of Awards passed by the Banking Ombudsman

a.	No. of unimplemented awards at the beginning of the year	-
b.	No. of awards passed by the Banking Ombudsman during the year	9
c.	No. of awards implemented during the year	9
d.	No. of unimplemented awards at the end of the year	-

5.2.25 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.

5.2.26 Letter of Comfort

During the year, the Bank issued a Letter of Comfort (LoC) on behalf of its Singapore branch to the Monetary Authority of Singapore (MAS) confirming to the overseas regulator that it would ensure that its Singapore branch maintained adequate liquidity and sound financial position at all times and that in the event of an actual or contingent obligation, the Bank would meet all future obligations and liabilities of the aforesaid branch. The Bank thus has one outstanding LoC issued by it at the end of 31 March 2008 without any financial value.

5.3 Other disclosures

5.3.1 During the year, the Bank has appropriated Rs. 26.84 crores (previous year Rs. 15.64 crores) to Capital Reserve, being the gain on sale of HTM investments in accordance with RBI guidelines.

5.3.2 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

As at	**31 March 2008**	31 March 2007
Basic and Diluted earnings for the year (Net profit after tax) (Rs. in crores)	**1,071.03**	659.03
Basic weighted average no. of shares (in crores)	**33.31**	28.05
Add: Equity shares for no consideration arising on grant of stock options under ESOP	**0.90**	0.86
Diluted weighted average no. of shares (in crores)	**34.21**	28.91
Basic EPS (Rs.)	**32.15**	23.50
Diluted EPS (Rs.)	**31.31**	22.79
Nominal value of shares (Rs.)	**10.00**	10.00

Dilution of equity is on account of 8,986,371 stock options (previous year 8,653,638).

5.3.3 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 authorised 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 and June 2006, pursuant to the approval of the shareholders at Annual General Meeting, the Bank approved an ESOP scheme for additional 10,000,000 and 4,800,000 options respectively.

19,887,005 options have been granted under the Scheme till the previous year ended 31 March 2007.

On 17 April 2007, the Bank granted 6,729,340 stock options (each option representing entitlement to one equity share of the Bank) to its employees and the Chairman & CEO. These options can be exercised at a price of Rs. 468.90 per option.

The Bank has not recorded any compensation cost on options granted during the year ended 31 March 2001, year ended 31 March 2006, year ended 31 March 2007 and the current year ended 31 March 2008 as the exercise price was more than or equal to the quoted market price of underlying equity shares on the grant date.

The Bank recorded a compensation cost of Rs 1.39 crores on options granted during the year ended 31 March 2002, Rs. 1.99 crores on options granted during the year ended 31 March 2004, Rs. 24.21 crores on options granted during the year ended 31 March 2005, based on the excess of the quoted market price of the underlying equity shares as of the date of the grant over the exercise price. The compensation cost is amortised over the vesting period.

Compensation expense for all the grants under the Scheme for the year ended 31 March 2008 is Rs. 0.20 crores.

Stock option activity under the Scheme for the year ended 31 March 2008 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	**9,872,910**	**29.68 to 319.00**	**250.14**	**3.19**
Granted during the year	**6,729,340**	**468.90**	**468.90**	**-**
Forfeited during the year	**(820,249)**	**39.77 to 468.90**	**398.10**	**-**
Expired during the year	**(1,380)**	**39.77**	**39.77**	**-**
Exercised during the year	**(2,986,353)**	**29.68 to 468.90**	**199.51**	**-**
Outstanding at the end of the year	**12,794,268**	**29.68 to 468.90**	**367.55**	**3.57**
Exercisable at the end of the year	**2,082,034**	**29.68 to 468.90**	**250.56**	**2.12**

Stock option activity under the Scheme for the year ended 31 March 2007 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	8,838,245	29.68 to 232.10	171.39	4.00
Granted during the year	4,695,860	319.00	319.00	-
Forfeited during the year	(720,744)	29.68 to 319.00	254.96	-
Expired during the year	(391)	29.68 to 319.00	29.70	-
Exercised during the year	(2,940,060)	29.68 to 319.00	122.25	-
Outstanding at the end of the year	9,872,910	29.68 to 319.00	250.14	3.19
Exercisable at the end of the year	979,768	29.68 to 319.00	200.43	3.90

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 follows:

	31 March 2008	31 March 2007
Net Profit (as reported) (Rs. in crores)	**1,071.03**	659.03
Add: Stock based employee compensation expense included in net income (Rs. in crores)	**0.20**	2.71
Less: Stock based employee compensation expense determined under fair value based method (proforma) (Rs. in crores)	**(71.87)**	(45.92)
Net Profit (Proforma) (Rs. in crores)	**999.36**	615.82
Earnings per share: Basic (in Rs.)		
As reported	**32.15**	23.50
Proforma	**30.00**	21.95

Earnings per share: Diluted (in Rs.)		
As reported	**31.31**	22.79
Proforma	**29.21**	21.30

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 2008	**31 March 2007**
Dividend yield	**1.37%**	1.69%
Expected life	**2-4 years**	2-4 years
Risk free interest rate	**8.21% to 8.33%**	6.93% to 7.17%
Volatility	**44.20% to 51.21%**	46.91% to 52.03%

5.3.4 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 2008, 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 2008 includes dividend of Rs. 0.54 crores paid pursuant to exercise of 1,018,992 employee stock options after the previous year end and record date for declaration of dividend for the year ended 31 March 2007.

5.3.5 Segmental reporting

Effective 1st April 2007, the Bank has adopted RBI's revised guidelines on Segment Reporting issued on 18th April 2007 vide RBI Circular No. DBOD.No. BP.BC. 81 / 21.04.018/ 2006-07 in terms of which the business of the Bank is divided into four segments: Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Business. 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
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
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
Other Banking Business	All banking transactions not covered under any of the above three segments

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

Segment revenue includes earnings from external customers plus earnings 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 revenue represents the transfer price paid/received by the Central Funding Unit (CFU). For this purpose, the funds transfer pricing mechanism presently followed by the Bank, which is based on cost of funds and spreads, has been used. Operating expenses 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 2008				
	Treasury	**Corporate/ Wholesale Banking**	**Retail Banking**	**Other Banking Business**	**Total**
Segment Revenue					
Gross interest income (external customers)	2,256.33	3,162.93	1,584.09	1.96	7,005.31
Other income	460.70	661.64	684.63	(11.48)	1,795.49
Total income as per profit and loss account	**2,717.03**	**3,824.57**	**2,268.72**	**(9.52)**	**8,800.80**
Add / (less) inter segment interest income	9,774.38	953.44	1,991.51	-	12,719.33
Total segment income	**12,491.41**	**4,778.01**	**4,260.23**	**(9.52)**	**21,520.13**
Less: Interest expense (external customers)	3,248.46	-	1,171.50	-	4,419.96
Less: Inter segment interest expenses	8,664.44	2,704.98	1,349.91	-	12,719.33
Less: Operating expenses	134.60	640.03	1,367.85	12.44	2,154.92
Operating profit	**443.91**	**1,433.00**	**370.97**	**(21.96)**	**2,225.92**
Less: Provision for non performing assets/Others	96.11	242.98	240.33	0.22	579.64
Segment result	**347.80**	**1,190.02**	**130.64**	**(22.18)**	**1,646.28**
Less: Provision for Tax	-	-	-	-	**575.25**
Net Profit	-	-	-	-	**1,071.03**
Segment assets	46,931.15	41,134.98	19,779.07	1,732.64	109,577.84
Segment liabilities	45,689.09	22,604.53	31,856.44	659.28	100,809.34
Net assets	**1,242.06**	**18,530.45**	**(12,077.37)**	**1,073.36**	**8,768.50**
Fixed assets additions during the year	-	-	-	331.92	331.92
Depreciation and impairment provision on fixed assets during the year	-	-	-	158.11	158.11

(Rs. in crores)

	31 March 2007			
	Treasury	**Other Banking Operations**	**Unallocated**	**Total**
Segment Revenue				
Gross interest income (external customers)	1,761.32	2,700.33	-	4,461.65
Other income	239.50	773.04	(2.43)	1,010.11
Total income as per profit and loss account	**2,000.82**	**3,473.37**	**(2.43)**	**5,471.76**
Add / (less) inter segment interest income	6,775.81	1,841.19	-	8,617.00
Total segment income	**8,776.63**	**5,314.56**	**(2.43)**	**14,088.76**
Less: Interest expense (external customers)	2,314.57	678.75	-	2,993.32
Less: Inter segment interest expenses	6,085.65	2,531.35	-	8,617.00
Less: Operating expenses	77.49	1,137.10	-	1,214.59
Operating profit	**298.92**	**967.36**	**(2.43)**	**1,243.85**
Less: Provision for non performing assets/Others	72.46	195.15	-	267.61
Segment result	**226.46**	**772.21**	**(2.43)**	**996.24**
Less: Provision for Tax	-	-	-	337.21
Net Profit	**-**	**-**	**-**	**659.03**
Segment assets	34,339.17	37,667.11	1,250.94	73,257.22
Segment liabilities	37,073.98	32,405.18	384.83	69,863.99
Net assets	**(2,734.81)**	**5,261.93**	**866.11**	**3,393.23**
Fixed assets additions during the year	-	-	212.15	212.15
Depreciation on fixed assets during the year	-	-	111.86	111.86

In terms of RBI guidelines on Segment Reporting, disclosure of previous year figures in the first year of reporting under the revised format is not necessary. Segmental results relating to the previous year ended 31 March 2007 have therefore been disclosed based on the reportable segments then in force and are hence not comparable with results for the current year.

5.3.6 Related party disclosure

The related parties of the Bank are broadly classified as:

a) *Promoter*

The Bank has identified the following entities as its Promoters.

Administrator of the Specified Undertaking of the Unit Trust of India (UTI-1)

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 (Chairman & CEO)

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

c) *Subsidiary Companies*

Axis Sales Limited (formerly UBL Sales Limited)

Axis Private Equity Limited (formerly UBL Asset Management Company Limited)

d) *Joint Venture*

Bussan Auto Finance India 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 2008 are given below.

(Rs. in crores)

Items/Related Party	Promoter	Subsidiaries	Total
Dividend Paid	54.63	-	**54.63**
Interest Paid	106.10	0.12	**106.22**
Interest Received	0.05	0.23	**0.28**
Investment of the Bank	-	15.00	**15.00**
Investment of Related Parties in the Bank	1,903.10	-	**1,903.10**
Purchase / Sale of Investments	131.18	-	**131.18**
Advances granted	-	185.00	**185.00**
Management Contracts	-	1.18	**1.18**
Sale of fixed assets	-	0.06	**0.06**
Receiving of Services	13.13	84.32	**97.45**
Rendering of Services	0.36	0.28	**0.64**

The balances payable to/receivable from the related parties of the Bank as on 31 March 2008 are given below.

(Rs. in crores)

Items/Related Party	Promoter	Subsidiaries	Total
Deposits with the Bank	2,877.68	6.88	**2,884.56**
Placement of Deposits	0.08	-	**0.08**
Advances	0.01	185.16	**185.17**
Investment of the Bank	-	25.00	**25.00**
Investment of Related Parties in the Bank	152.07	-	**152.07**
Guarantees	39.00	-	**39.00**
Investment in Subordinated Debt/Hybrid Capital of the Bank	260.00	-	**260.00**
Advance for Rendering of Services	-	19.68	**19.68**
Other Receivables	-	0.26	**0.26**

The maximum balances payable to/receivable from the related parties of the Bank as on 31 March 2008 are given below.

(Rs. in crores)

Items/Related Party	Promoter	Subsidiaries	Total
Deposits with the Bank	2,857.83	19.16	**2,876.99**
Placement of Deposits	1.13	-	**1.13**
Advances	432.98	185.16	**618.14**
Investment of the Bank	-	25.00	**25.00**
Investment of Related Parties in the Bank	389.00	-	**389.00**
Repo Borrowing	57.52	-	**57.52**
Guarantees	39.00	-	**39.00**
Investment in Subordinated Debt/Hybrid Capital of the Bank	154.32	-	**154.32**

The details of transactions of the Bank with its related parties during the year ended 31 March 2007 are given below.

(Rs. in crores)

Items/Related Party	Promoter	Key Management Personnel	Related Party to Key Management Personnel	Subsidiaries	Total
Dividend Paid	42.63	0.05	-	-	**42.68**
Interest Paid	31.24	0.10	0.03	0.14	**31.51**
Interest Received	1.54	0.01	-	0.01	**1.56**
Investment of the Bank	-	-	-	10.00	**10.00**
Investment of Related Parties in the Bank	-	-	-	-	**-**
Purchase / Sale of Investments	158.02	-	-	-	**158.02**
Management Contracts	-	3.05	-	-	**3.05**
Sale of fixed assets	-	-	-	-	**-**
Receiving of Services	18.17	-	-	10.95	**29.12**
Rendering of Services	0.26	-	-	1.51	**1.77**

The balances payable to/receivable from the related parties of the Bank as on 31 March 2007 are given below.

(Rs. in crores)

Items/Related Party	Promoter	Key Management Personnel	Related Party to Key Management Personnel	Subsidiaries	Total
Deposits with the Bank	760.77	2.25	0.58	0.61	**764.21**
Placement of Deposits	0.06	-	-	-	**0.06**
Advances	0.02	0.21	-	0.02	**0.25**
Investment of the Bank	-	-	-	10.00	**10.00**
Investment of Related Parties in the Bank	121.39	0.13	-	-	**121.52**
Guarantees	39.00	-	-	-	**39.00**
Investment in Subordinated Debt of the Bank	334.00	-	-	-	**334.00**
Advance for Rendering of Services	-	-	-	0.99	**0.99**
Other Receivables	-	-	-	0.15	**0.15**

The maximum balances payable to/receivable from the related parties of the Bank as on 31 March 2007 are given below.

(Rs. in crores)

Items/Related Party	**Promoter**	**Key Management Personnel**	**Related Party to Key Management Personnel**	**Subsidiaries**	**Total**
Deposits with the Bank	780.99	2.41	0.59	5.54	**789.53**
Placement of Deposits	0.06	-	-	-	**0.06**
Advances	399.89	0.31	-	2.70	**402.90**
Investment of the Bank	-	-	-	10.00	**10.00**
Investment of Related Parties in the Bank	121.80	0.14	-	-	**121.94**
Repo Borrowing	288.50	-	-	-	**288.50**
Guarantees	39.00	-	-	-	**39.00**
Investment in Subordinated Debt of the Bank	431.00	-	-	-	**431.00**

5.3.7 Leases

Disclosure in respect of assets given on operating lease

Operating lease comprises leasing of power generation equipments.

(Rs. in crores)

	31 March 2008	31 March 2007
Gross carrying amount at the beginning of the year	**76.50**	76.50
Accumulated depreciation as at the end of the year	**27.60**	24.18
Accumulated impairment losses as at the end of the year	**12.44**	-
Depreciation for the year	**3.42**	3.42
Impairment losses for the year	**12.44**	-
Minimum lease payments receivable at the end of the year	**-**	1.04
Future lease rentals receivable as at the end of the year:		
- Not later than one year	**3.47**	3.47
- Later than one year and not later than five years	**11.08**	12.48
- Later than five years	**2.07**	4.15

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 2008	31 March 2007
Future lease rentals payable as at the end of the year:		
- Not later than one year	**214.56**	122.89
- Later than one year and not later than five years	**622.70**	338.47
- Later than five years	**368.84**	116.11

Total of minimum lease payments recognised in the profit and loss account for the year	**192.16**	71.19
Total of future minimum sublease payments expected to be received under non-cancellable subleases	**1.42**	2.19
Sub-lease payments recognised in the profit and loss account for the year	**0.28**	0.20

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.

5.3.8 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 2008	31 March 2007
Deferred tax assets on account of provisions for doubtful debts	**205.57**	121.28
Deferred tax assets on account of amortisation of HTM investments	**101.38**	70.96
Deferred tax assets on account of provision for retirement benefits	**16.70**	4.80
Deferred tax assets on account of contingent provision against derivatives	**24.46**	-
Deferred tax liability on account of depreciation and impairment on fixed assets	**(47.82)**	(52.50)
Other deferred tax assets	**18.76**	15.12
Net deferred tax asset/(liability)	**319.05**	159.66

5.3.9 Employee Benefits

Provident Fund

The contribution to the employee's provident fund amounted to Rs. 21.02 crores for the year ended 31 March 2008 (previous year Rs. 13.82 crores).

Superannuation

The Bank contributed Rs. 7.47 crores to the employee's superannuation plan for the year ended 31 March 2008 (previous year Rs. 9.14 crores).

Leave Encashment

The Bank charged an amount of Rs. 28.11 crores as liability for leave encashment for the year ended 31 March 2008 (previous year Rs. 8.28 crores).

Gratuity

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

Profit and Loss Account

Net employee benefit expenses (reconginsed in employee cost)

(Rs. in crores)

	31 March 2008	31 March 2007
Current Service Cost	3.39	2.23
Interest on Defined Benefit Obligation	1.15	0.71
Expected Return on Plan Assets	(0.87)	(0.62)
Net Actuarial Losses/ (Gains) recognised in the year	5.54	0.43
Past Service Cost	-	-
Losses/(Gains) on "Curtailments & Settlements"	-	-
Total included in "Employee Benefit Expense"	**9.21**	2.75
Actual Return on Plan Assets	0.71	0.75

Balance Sheet

Details of provision for gratuity

(Rs. in crores)

	31 March 2008	31 March 2007
Present Value of Funded Obligations	23.35	14.32
Fair Value of Plan Assets	(17.74)	(11.89)
Present Value of Unfunded Obligations	-	-
Unrecognised Past Service Cost	-	-
Net Liability	**5.61**	2.43
Amounts in Balance Sheet		
Liabilities	5.61	2.43
Assets	-	-
Net Liability	**5.61**	2.43

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

(Rs. in crores)

	31 March 2008	31 March 2007
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	14.32	11.55
Current Service Cost	3.39	2.23
Interest Cost	1.15	0.71
Actuarial Losses / (Gains)	5.37	0.61
Liabilities Extinguished on Curtailment	-	-
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed on Acquisition	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(0.88)	(0.78)
Closing Defined Benefit Obligation	**23.35**	14.32

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

(Rs. in crores)

	31 March 2008	31 March 2007
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	11.89	7.37
Expected Return on Plan Assets	0.87	0.62
Actuarial Gains / (Losses)	(0.17)	0.18
Assets Distributed on Settlements	-	-
Contributions by Employer	6.03	4.50
Assets Acquired due to Acquisition	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(0.88)	(0.78)
Closing Fair Value of Plan Assets	**17.74**	11.89

	31 March 2008	31 March 2007
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 2008	31 March 2007
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	**7.55% p.a.**	8.50 % 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.

5.3.10 Provisions and contingencies

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

(Rs. in crores)

	31 March 2008	31 March 2007
Opening balance at the beginning of the year	**1.73**	1.00
Additions during the year	**3.47**	0.80
Reductions on account of payments during the year	**(0.25)**	-
Reductions on account of reversals during the year	**-**	(0.07)
Closing balance at the end of the year	**4.95**	1.73

b. Movement in provision for credit enhancements on securitised assets is set out below:

(Rs. in crores)

	31 March 2008	31 March 2007
Opening balance at the beginning of the year	**3.21**	0.67
Additions during the year	**-**	2.54
Reductions during the year	**(0.11)**	-
Closing balance at the end of the year	**3.10**	3.21

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

(Rs. in crores)

	31 March 2008	31 March 2007
Opening provision at the beginning of the year	**0.23**	-
Provision made during the year	**5.89**	0.23
Reductions during the year	**(0.18)**	-
Closing provision at the end of the year	**5.94**	0.23

5.3.11 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 standardised, 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.

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

For Axis Bank Ltd.

P. J. Nayak
Chairman & CEO

P. J. Oza	**N. C. Singhal**	**R. H. Patil**	**R. B. L. Vaish**
Company Secretary	Director	Director	Director

Date: 21 April 2008
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. 47/417/2007-CL-III dated 22nd November 2007.

(Rs. in thousands)

As on/for the year ended	31 March 2008	
	Axis Sales Ltd.	Axis Private Equity Ltd.
Capital	100,000	150,000
Reserves and Surplus	(101,276)	(63,842)
Total Assets (Fixed Assets + Investments + Current Assets + Deferred Tax Assets)	291,742	1,943,778
Total Liabilities (Loans + Current Liabilities + Provisions)	293,018	1,857,620
Investments	-	1,851,558
Total Income	835,962	1,783
Profit/(Loss) Before Taxation	(66,745)	(47,872)
Prior Period Items (net)	1,546	-
Provision for Taxation	2,822	1,419
Profit/(Loss) After Taxation and Prior Period Items	(68,021)	(49,291)
Proposed Dividend and Tax (including cess) thereon	-	-

CORPORATE GOVERNANCE - AUDITORS'CERTIFICATE

To
The Members of Axis Bank Limited

We have examined the compliance of conditions of corporate governance by Axis Bank Limited (the 'Bank'), for the year ended on 31 March 2008, as stipulated in Clause 49 of the Listing Agreement of the Bank with The Stock Exchange, Mumbai, The Ahmedabad Stock Exchange and The National Stock Exchange.

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.

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.

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.
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.: 048749

Place: Mumbai
Date: April 21, 2008

(Forming Part of the Directors' Report for the Period Ended 31st March 2008)

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 recognise 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 recognise 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 a combination of executive and non-executive Directors. It presently consists of 11 Directors and its mix 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 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 (UTI-I), and the Life Insurance Corporation of India, the Bank's promoters. The following members now constitute the Board:

P. J. Nayak	Chairman and Chief Executive Officer
Surendra Singh	Independent
N. C. Singhal	Independent
A. T. Pannir Selvam	Promoter - Nominee of the Administrator of the Specified Undertaking of the Unit Trust of India (UTI-I)
J. R. Varma	Independent
R. H. Patil	Independent
Rama Bijapurkar	Independent
R. B. L. Vaish	LIC Nominee
M. V. Subbiah	Independent
Ramesh Ramanathan	Independent
K. N. Prithviraj	Promoter - Nominee of the Administrator of the Specified Undertaking of the Unit Trust of India (UTI-I)

Of these, all Directors are independent except S/Shri P. J. Nayak, A. T. Pannir Selvam, R. B. L. Vaish and K. N. Prithviraj. Thus, the 7 independent Directors constitute more than 50% of the Board's membership.

S/Shri P. J. Nayak, N. C. Singhal, A. T. Pannir Selvam, R. H. Patil, R. B. L. Vaish and S. B. Mathur attended the last Annual General Meeting held on 1st June, 2007 at Ahmedabad.

In all, 8 meetings of the Board were held during the year on the following dates, besides the Annual General Meeting: 17th April 2007, 30th April 2007, 1st June 2007, 25th June 2007, 12th July 2007, 13th July 2007, 15th October 2007 and 9th January 2008.

Shri P. J. Nayak, Shri A. T. Pannir Selvam, and Shri R. B. L. Vaish attended all the eight meetings. Shri N. C. Singhal and Shri R. H. Patil attended seven meetings. Smt. Rama Bijapurkar attended six meetings. Shri Surendra Singh, Shri J. R. Varma and Shri M. V. Subbiah attended five meetings. Shri S. B. Mathur attended six meetings out of seven for which he was eligible. Shri K. N. Prithviraj attended one meeting for which he was 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. P. J. NAYAK :

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Axis Private Equity Limited (A wholly owned subsidiary of Axis Bank Ltd.)	Director

ii. SURENDRA SINGH :

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	NIIT Technologies Ltd.	Director/Member - Audit Committee
2.	NIIT Ltd.	Director/Chairman - Shareholders' Grievance Committee/Member - Audit Committee
3.	NIIT SmartServe Ltd.	Director/Member - Audit Committee
4.	Jubilant Organsoys Ltd.	Director/Member - Audit Committee
5.	BAG Films and Media Ltd.	Director
6.	CMC Ltd.	Director/Chairman - Share Transfer cum Shareholders' Grievance Committee/ Member Audit Committee

iii. N. C. SINGHAL:

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Shapoorji Pallonji Finance Ltd.	Director
2.	Deepak Fertilisers & Petrochemicals Corporation Ltd.	Director/ Member - Audit Committee
3.	Max India Ltd.	Director/Chairman - Audit Committee/ Member Remuneration Committee
4.	Max New York Life Insurance Company Ltd.	Director / Member - Audit Committee
5.	Birla Sun Life Asset Management Company Ltd.	Director/ Member - Remuneration Committee
6.	Tolani Shipping Ltd.	Director / Member - Audit Committee
7.	XL Telecom Ltd.	Director
8.	Mahagujarat Chamunda Cements Limited	Director
9.	SCI Forbes Limited	Chairman
10.	Binani Industries Limited	Director
11.	Forbes Bumi Armada Limited	Director
12.	Samalpatti Power Company Pvt. Ltd.	Director/Chairman - Remuneration Committee
13.	Ambit Holdings Pvt. Limited	Director/Chairman - Audit Committee
14.	International Chamber of Commerce - Financial Investigations Services, London	Member - Advisory Board
15.	International Chamber of Commerce - Marine Transport Commission, Paris	Member
16.	Supervisory Board, Ashapura Group	Member
17.	Board of Governors, Institute of Management Studies	Member

18.	Board of Governors, Tolani Maritime Institute	Member
19.	Strategic Advisory Group, Development Credit Bank Ltd.	Member
20.	Ashapura Educational Foundation	Trustee

iv. A. T. PANNIR SELVAM:

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Rolta India Ltd.	Director
2.	2iCapital (India) Pvt. Ltd.	Independent Director/Member-Audit Committee

v. J. R. VARMA:

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Infosys BPO Ltd.	Director/Chairman - Compensation Committee/ Chairman - Audit Committee
2.	OnMobile Global Ltd.	Director/Chairman - Audit 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 on Preference Shares
2.	National Securities Clearing Corporation India Ltd.	Director/Chairman-Audit Committee/Member Committee for Declaration of Default
3.	National Stock Exchange of India Ltd.	Director/Chairman-Audit Committee/Member Committee for Declaration of Default/ Member-Pricing Committee
4.	NSE.IT Ltd.	Director/Member-Audit Committee/Member-Compensation Committee
5.	Clear Corp Dealing Systems (India) Ltd.	Chairman/Chairman- Membership Approval Committee
6.	National Securities Depositories Ltd.	Chairman/Member-Audit Committee/Chairman-Nomination Committee/Chairman-Compensation Committee
7.	SBI Capital Markets Ltd.	Director/Member-Audit Committee/ Member-Committee of Directors/ Member-Remuneration HR Committee
8.	Corp Bank Securities Ltd.	Director/Chairman-Audit Committee
9.	NSDL Database Management Ltd.	Director/Chairman-Audit Committee
10.	L&T Infrastructure Finance Company Ltd.	Director/Chairman-Audit Committee/ Chairman-Risk Management Committee
11.	Standard Chartered Asset Management Co. Pvt. Ltd.	Director

vii. RAMA BIJAPURKAR:

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

viii. R. B. L. VAISH :

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	OTCEI Securities Limited	Director

ix. M. V. SUBBIAH:

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	ICI India Limited	Chairman - Remuneration & Nomination Committee/ Member - Audit Committee
2.	SRF Limited	Director/ Chairman - Audit Committee
3.	Lakshmi Machine Works Ltd.	Director
4.	Chennai Wellingdon Corporate Foundation	Director
5.	Chennai Heritage Sec 25 Co.	Director
6.	Parry Enterprises India Limited	Director
7.	Murugappa & Sons	Partner
8.	Kadamane Estates Company	Partner
9.	Vellayan Chettiar Trust	Trustee
10.	Muna Vena Murugappa Trust	Trustee
11.	A M M Foundation	Trustee
12.	India Foundation for the Arts	Trustee
13.	Advisory Board of Oracle India Private Limited	Member

x. RAMESH RAMANATHAN:

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Cross Domain Solutions Pvt. Ltd.	Director
2.	Sanghmithra Rural Financial Service (Section 25 Company)	Director
3.	Janalakshmi Social Services	Chairman
4.	Janalakshmi Financial Services Pvt. Ltd.	Chairman
5.	Financial Information Network & Operations Ltd.	Director
6.	Janadhar Constructions Pvt. Ltd.	Director

xi. K. N. PRITHVIRAJ:

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Administrator of the Specified Undertaking of the Unit Trust of India	Administrator & Member of the Board
2.	Advisory Board on Bank, Commercial & Financial Frauds appointed by C.V.C	Member

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:

P. J. Nayak - Chairman
N. C. Singhal
A. T. Pannir Selvam
R. H. Patil
M. V. Subbiah

b) Audit Committee:

N. C. Singhal - Chairman
R. H. Patil
R. B. L. Vaish

c) Risk Management Committee:

P. J. Nayak - Chairman
J. R. Varma
Ramesh Ramanathan

d) Shareholders/Investors Grievance Committee:

Surendra Singh - Chairman
A. T. Pannir Selvam
R. B. L. Vaish
K. N. Prithviraj (Co-opted w.e.f. 21/4/2008)

e) Remuneration and Nomination Committee:

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

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

P. J. Nayak - Chairman
N. C. Singhal
A. T. Pannir Selvam

g) Customer Service Committee:

A. T. Pannir Selvam - Chairman
J. R. Varma
R. B. L. Vaish

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 expenditure above certain stipulated limits.
iii. To approve expansion of the locations 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 issue Powers of Attorney to the officers of the Bank.
vi. To make allotments of shares.
vii. To approve proposals related to the Bank's operations covering all departments and business segments.
viii. To discuss issues relating to day-to-day affairs and problems and to take such steps for the smooth functioning of the Bank.

Meetings and Attendance during the year:

12 meetings of the Committee of the Directors were held during the year on 18th April 2007, 16th May 2007, 14th June 2007, 12th July 2007, 13th August 2007, 18th September 2007, 13th October 2007, 15th November 2007, 13th December 2007, 8th January 2008, 18th February 2008, and 19th March 2008. Shri P. J. Nayak, Shri N. C. Singhal and Shri A. T. Pannir Selvam attended all the 12 meetings. Shri R. H. Patil attended 11 meetings and Shri M. V. Subbiah attended 9 meetings.

b) Audit Committee:

The Audit Committee functions with the following objectives:
i. To provide direction and to oversee the operations 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 books and unreconciled entries in inter-bank and Nostro accounts, and frauds.
iv. To follow up issues raised in LFAR and RBI inspection reports.
v. To review the system of appointment and remuneration of concurrent auditors and external auditors.
vi. To review the quarterly financial results and the annual results of the Bank and to recommend their adoption to the Board.

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 16th April 2007, 21st May 2007, 14th June 2007, 12th July 2007, 13th August 2007, 17th September 2007, 13th October 2007, 16th November 2007, 12th December 2007, 8th January 2008, 18th February 2008 and 17th March 2008. Shri N. C. Singhal and Shri R. B. L. Vaish attended all the 12 meetings. Shri R. H. Patil attended 11 meetings.

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 the Board.
ii. To monitor the business of the Bank periodically and also to suggest 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 17th April 2007, 15th October 2007, 9th January 2008 and 14th March 2008. Shri J. R. Varma attended all the 4 meetings, Shri P. J. Nayak attended 3 meetings and Shri Ramesh Ramanathan attended 2 meetings.

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:

4 meetings of the Shareholders/Investors Grievance Committee were held during the year on 16th April 2007, 5th September 2007, 15th October 2007 and 9th January 2008. Shri Surendra Singh, Shri A. T. Pannir Selvam and Shri R. B. L. Vaish attended all the 4 meetings.

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 1.4.2007 to 31.3.2008

Sr. No.	Nature of Reference/Complaints	Received	Disposed Off	Pending
1.	Change of Address	773	773	-
2.	Bank Mandates	94	94	-
3.	ECS	277	277	-
4.	Nomination	87	87	-
5.	Non-receipt of Share Certificates	36	36	-
6.	Correction of names	38	38	-
7.	Stock Exchange queries	4	4	-
8.	NSDL/CDSL Queries	2	2	-
9.	SEBI	5	5	-
10.	Receipt of dividend warrant for revalidation	194	194	-
11.	Non-receipt of Dividend	516	514	*2
12.	Transfers	1081	1070	**11

* Received in the last week of March 2008 and disposed off during first week of April 2008.

** Received in last week of March 2008. Hence, transferred during first week of April 2008.

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. 14th July 2004 and it functions with the objective of deciding the remuneration package for all employees and directors, which includes salaries, benefits, bonuses, pensions and stock options. The Committee is also consulted on appointments and promotions at very senior levels of the Bank. The Committee also undertakes a process of due diligence to determine the suitability of the 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.

Meetings and Attendance during the year:

6 meetings of the Remuneration and Nomination Committee were held during the year on 13th April 2007, 20th April 2007, 30th April 2007, 4th September 2007, 9th January 2008, and 4th March 2008. Shri Surendra Singh and Shri R. H. Patil attended all the 6 meetings. Shri N. C. Singhal attended 4 out of 5 meetings for which he was eligible. Shri S. B. Mathur attended all 4 meetings for which he was eligible. Smt. Rama Bijapurkar and Shri K. N. Prithviraj attended one meeting for which they were eligible.

Remuneration Policy:

The Bank believes that to attract the right talent, the Remuneration Policy should be structured in line with the other peer group banks, and is 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 Chairman and Chief Executive Officer 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. Shri P. J. Nayak had been appointed as the Chairman and Managing Director of the Bank w.e.f. 1st January 2000 to 31st December 2004 and he has been thereafter reappointed as the Chairman and Managing Director of the Bank w.e.f. 1st January 2005 till 31st July 2007. The term of Shri P. J. Nayak as the Chairman and Managing Director expired on 31st July 2007. Shri Nayak has been reappointed as Chairman and Chief Executive Officer (whole time Chairman) of the Bank for the period 1st August 2007 to 31st July 2009. The terms and conditions and remuneration payable to him are approved from time to time by the Board of Directors, shareholders of the Bank and Reserve Bank of India. The Bank has entered into a service agreement with Shri P. J. Nayak for a period from 1st August 2007 till 31st July 2009. Either side can terminate the agreement by giving ninety days notice in writing. If, prior to expiration of the agreement, the Bank terminates the term of office of the Chairman and Chief Executive Officer, he shall be entitled, subject to the provisions of and limitations contained in Section 318 of the Companies Act, 1956, to receive compensation from the Bank for the loss of office to the extent provided in the agreement.

The details of remuneration paid to Shri P. J. Nayak during 2007-08 are:

i. Salary of Rs. 1,15,00,000/- p.a.
ii. Leave Fare Concession facility of Rs. 7,00,000 /- p.a.
iii. Personal Entertainment Allowance of Rs. 3,90,000/- p.a.
iv. Variable pay to be paid as decided by the Remuneration and Nomination Committee/Board of Directors subject to a maximum of 25% of salary drawn during the year.
v. Provident Fund @ 12% of pay with equal contribution by the Bank or as decided by the Board of Trustees from time to time.
vi. Gratuity @ one month's salary for each completed year of service or part thereof.
vii. Superannuation @ 10% of pay.

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.

Shri P. J. Nayak was granted 22,500, 36,600, 50,000, 65,000, 74,750, 56,060 and 56,060 options under the Employee Stock Option Plan, Grant I (24th February 2001), Grant II (28th February 2002), Grant III (6th May 2003), Grant IV (29th April 2004), Grant V (10th June 2005), Grant VI (17th April 2006) and Grant VII (17th April 2007) respectively. From these seven tranches, 2,35,768 options were vested up to March 2008 and all these vested options have been exercised by Shri P. J. Nayak. Out of the total options exercised by Shri P. J. Nayak, 87,668 options were exercised during the period under review.

II. All Directors of the Bank, except for Shri P. J. Nayak 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 board when attending the meeting, being on actual basis, is made directly by the Bank to the service providers. During the year, the Bank paid Rs. 39,00,000/- as sitting fees to its Directors.

Sitting Fees:

The details of sitting fees paid to the Directors during the period from 1st April 2007 to 31st March 2008 are as follows:

Sr. No.	Name of Directors	Sitting Fees Paid (Rs.)
1.	P. J. Nayak	NIL
2.	Surendra Singh	3,00,000
3.	N. C. Singhal	7,40,000
4	A. T. Pannir Selvam	6,00,000
5.	J. R. Varma	2,40,000
6.	R. H. Patil	7,00,000
7.	Rama Bijapurkar	1,40,000
8.	R. B. L. Vaish	5,60,000
9.	S. B. Mathur	2,00,000
10.	M. V. Subbiah	2,80,000
11.	Ramesh Ramanathan	1,00,000
12.	K. N. Prithviraj	40,000
TOTAL		**39,00,000**

The details of shares of the Bank, held by the non-whole time Directors as on 31st March 2008 are set out in thefollowing table:

Name of Director	No. of shares held
Shri R. B. L. Vaish	225 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 14th 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 the systematic lacunae, if any, that 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;
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. Two meetings of the Special Committee of the Board of Directors for Monitoring of Large Value Frauds were held on 18th September 2007 and 8th January 2008 during the year. Shri P. J. Nayak, Shri N. C. Singhal and Shri A. T. Pannir Selvam attended both the meetings.

g) Customer Service Committee:

The Customer Service Committee was constituted on 14th 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;
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:

4 meetings of the Customer Service Committee were held during the year on 16th May 2007, 13th August 2007, 15th November 2007 and 18th February 2008. Shri A. T. Pannir Selvam and Shri R. B. L. Vaish attended all the 4 meetings. Shri J. R. Varma attended 3 meetings.

3. General Body Meetings:

The last three Annual General Meetings were held as follows:

Annual General Meeting	Date and Day	Time	Location
11th	10.06.2005 - Friday	10.00 a.m.	Bhaikaka Bhavan, Ellisbridge, Ahmedabad - 380 006
12th	02.06.2006 - Friday	10.00 a.m.	Bhaikaka Bhavan, Ellisbridge, Ahmedabad - 380 006
13th	01.06.2007 - Friday	10.00 a.m.	Bhaikaka Bhavan, Ellisbridge, Ahmedabad - 380 006

The special resolutions passed, during the last three Annual General Meetings, were as under:

Annual General Meeting	Date of Annual General Meeting	Special Resolutions
11th	10.06.2005 - Friday	• Resolution No. 5 - Appointment of Statutory Auditors under Section 224A of the Companies Act, 1956 • *Resolution No. 12 - Alteration of the Object clause of the Memorandum of Association of the Company (*Passed by postal ballot) • Resolution No. 13 - Approval for commencement of new business of distributing Non-Life Insurance or Life Insurance products as a Corporate Agent pursuant to the provision of Section 149 of the Companies Act 1956 and • Resolution No. 14 - Revision in the existing exercise pricing formula of grant of stock options to employees under ESOP scheme of the Bank

12th	02.06.2006 - Friday	• Resolution No. 5 - Appointment of Statutory Auditors under Section 224A of the Companies Act, 1956 • Resolution No. 11 - 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, 2006 of the Bank • Resolution No. 12 - Approval of the shareholders of the Bank pursuant to Section 293(1)(d) of the Companies Act, 1956 for raising the borrowing limits to Rs. 20,000 crores
13th	01.06.2007 - 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.

No Resolution in the notice of the proposed Fourteenth 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.	2002-2003	22%	25-06-2003	26-06-2003
2.	2003-2004	25%	18-06-2004	19-06-2004
3.	2004-2005	28%	10-06-2005	11-06-2005
4.	2005-2006	35%	02-06-2006	03-06-2006
5.	2006-2007	45%	01-06-2007	02-06-2007

Unclaimed Dividends:

All the shareholders whose dividend is unpaid have been intimated individually to claim their dividend. 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), therefore, shareholders are 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. The table presented below gives the dates of dividend declaration since 2000-01 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
2000-01	Final	30th June, 2001	30th July, 2008
2001-02	Final	10th July, 2002	10th August, 2009
2002-03	Final	25th June, 2003	25th July, 2010
2003-04	Final	18th June, 2004	18th July, 2011
2004-05	Final	10th June, 2005	10th July, 2012
2005-06	Final	2nd June, 2006	2nd July, 2013
2006-07	Final	1st June, 2007	1st July, 2014

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.
- The Bank has introduced a Whistle Blower Policy under which the Bank employees who observe an unethical or improper practice can approach the Audit Committee without necessarily informing their supervisors. The policy contains provisions protecting Whistle Blowers from unfair termination and other unfair prejudicial and employment practice. The Whistle Blower Policy is required to be reviewed by the Audit Committee of the Board on half-yearly basis.
- It is hereby affirmed that the Bank has not denied any personal access to the Audit Committee of the Bank and it has further provided protection to Whistle Blowers from unfair termination and other unfair prejudicial employment practices.
- 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 1st January 2006. The Bank has also complied with the non-mandatory requirements like formation of Remuneration & Nomination Committee, sending summary of significant event like change of name 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 31st March 2008.

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.
- As required by SEBI and the listing agreements, Axis Bank files its financial and other information on the Electronic Data Information Filing and Retrieval (EDIFAR) website /Corpfiling System.
- 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 taken on record 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 2007-08 is part of the Annual Report.

7. **General Shareholder Information:**

- AGM: Date, time and venue - 6th June 2008 - 10.00 a.m. at Bhaikaka Bhavan (British Library Building), Near Law Garden, Ellisbridge, Ahmedabad 380 006.
- Financial Year/ Calendar - 1st April 2008 to 31st March 2009. All meetings to consider Quarterly results are proposed to be held during first half of July 2008, October 2008 and January 2009. The meeting to consider audited annual accounts and Q4 results is proposed to be held during second half of April 2009.
- Date of Book Closure - 26th May 2008 to 6th June 2008 (both days inclusive)
- Dividend Payment Date - on or after 7th June 2008
- The Bank's shares are listed on the following Stock Exchanges:

i. The Ahmedabad Stock Exchange Limited, Kamdhenu Complex, Opp. Sahajanand College, Panjara Pole, Ambawadi, Ahmedabad 380 015

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

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

- The Bank's Global Depositary Receipts (GDRs) issued during March and April 2005, and July 2007 are listed and traded on the London Stock Exchange, 10 Paternoster Square, London EC4M 7LS, UK.

Stock Code

LISTING DETAILS OF EQUITY SHARES OF AXIS BANK LIMITED

Sr. No.	Name of Stock Exchange	Distinctive Nos. of Shares	Listing/Trading date	Code
1.	**Ahmedabad Stock Exchange Limited**			
	Upto Public Issue - 1998	1 to 13,19,03,170	11.11.1998 & 01.12.1998	63134
	4,63,50,000 equity shares (CDCFS/SARF)	13,19,03,171 to 17,82,53,170	05.02.2002 & 14.02.2002	
	1,35,59,700 equity shares (LIC/GIC/New India Assurance/National Insurance)	17,82,53,171 to 19,18,12,870	21.05.2002 & 05.06.2002	
	3,83,62,834 equity shares (LIC/ChrysCapital/Citicorp/Karur Vysya Bank)	19,18,14,171 to 23,01,77,004	25.07.2003 & 28.07.2003	
	4,34,91,000 equity shares representing the underlying shares to the Global Depository Receipts (GDRs) to the Investors Overseas issued during March/April 2005	23,28,91,948 to 27,33,82,247 27,38,46,972 to 27,68,47,671	04.04.2005 & 06.04.2005 12.05.2005 & 27.05.2005	
	1,41,32,466 equity shares representing the underlying shares to the Global Depository Receipts (GDRs) to the Investors Overseas issued during July 2007	31,09,14,714 to 32,50,47,179	09.08.2007 & 17.08.2007	
	2,82,64,934 equity shares (QIP issue)	28,26,49,780 to 31,09,14,713	27.07.2007 & 02.08.2007	
	3,06,95,129 equity shares (SUUTI/LIC/GIC/ New India Assurance/United India Insurance/ Oriental Insurance)	32,50,47,180 to 35,57,42,308	26.07.2007 & 22.08.2007	
`	1,09,50,436 equity shares (ESOPs)	19,18,12,871 to 19,18,14, 170 23,01,77,005 to 23,28,91,947 27,33,82,248 to 27,38,46,971 27,68,47,672 to 28,26,49,779 35,57,42,309 to 35,77,09,669	On various dates	
2.	**Bombay Stock Exchange Limited**			
	Upto Public Issue - 1998	1 to 13,19,03,170	19.11.1998 & 27.11.1998	532215
	4,63,50,000 equity shares	13,19,03,171 to 17,82,53,170	09.02.2002 & 20.02.2002	
	1,35,59,700 equity shares	17,82,53,171 to 19,18,12,870	31.05.2002 & 13.06.2002	
	3,83,62,834 equity shares	19,18,14,171 to 23,01,77,004	27.08.2003 & 28.08.2003	
	4,34,91,000 equity shares representing the underlying shares to the Global Depository Receipts (GDRs) to the Investors Overseas issued during March/April 2005	23,28,91,948 to 27,33,82,247 27,38,46,972 to 27,68,46,671	30.03.2005 & 08.04.2005 18.05.2005 & 27.05.2005	
	1,41,32,466 equity shares representing the underlying shares to the Global Depository Receipts (GDRs) to the Investors Overseas issued during July, 2007	31,09,14,714 to 32,50,47,179	10.08.2007& 14.08.2007	

	2,82,64,934 equity shares (QIP issue)	28,26,49,780 to 31,09,14,713	27.07.2007 & 01.08.2007	
	3,06,95,129 equity shares (SUUTI/LIC/GIC/ New India Assurance/United India Insurance/ Oriental Insurance)	32,50,47,180 to 35,57,42,308	16.08.2007& 20.08.2007	
	1,09,50,436 equity shares (ESOPs)	19,18,12,871 to 19,18,14, 170 23,01,77,005 to 23,28,91,947 27,33,82, 248 to 27,38,46,971 27,68,47,672 to 28,26,49,779 35,57,42,309 to 35,77,09,669	On various dates	
3.	**National Stock Exchange of India Limited**			
	Upto Public Issue - 1998	1 to 13,19,03,170	16.11.1998 & 03.12.1998	AXISBANKEQ
	4,63,50,000 equity shares	13,19,03,171 to 17,82,53,170	12.02.2002 & 20.02.2002	
	1,35,59,700 equity shares	17,82,53,171 to 19,18,12,870	27.05.2002 & 12.06.2002	
	3,83,62,834 equity shares	19,18,14,171 to 23,01,77,004	01.09.2003 & 03.09.2003	
	4,34,91,000 equity shares representing the underlying shares to the Global Depository Receipts (GDRs) to the Investors Overseas issued during March/April 2005	23,28,91,948 to 27,33,82,247 27,38,46,972 to 27,68,46,671	05.04.2005 & 12.04.2005 16.05.2005 & 23.05.2005	
	1,41,32,466 equity shares representing the underlying shares to the Global Depository Receipts (GDRs) to the Investors Overseas issued during July, 2007	31,09,14,714 to 32,50,47,179	10.08.2007& 14.08.2007	
	2,82,64,934 equity shares (QIP issue)	28,26,49,780 to 31,09,14,713	27.07.2007& 01.08.2007	
	3,06,95,129 equity shares (SUUTI/LIC/GIC/ New India Assurance/United India Insurance/ Oriental Insurance)	32,50,47,180 to 35,57,42,308	14.08.2007 & 20.08.2007	
	1,09,50,436 equity shares (ESOPs)	19,18,12,871 to 19,18,14,170 23,01,77,005 to 23,28,91,947 27,33,82, 248 to 27,38,46,971 27,68,47,672 to 28,26,49,779 35,57,42,309 to 35,77,09,669	On various dates	

The annual fees for 2008-09 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) OF AXIS BANK LIMITED

Sr. No.	Name of Stock Exchange	Listing/Trading date	Code
1.	**London Stock Exchange**		
	4,04,90,300 GDRs 30,00,700 GDRs	16.03.2005 & 22.03.2005 25.04.2005 & 26.04.2005	US05462W1099
2.	1,41,32,466 GDRs	30.07.2007	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	LOW (Rs.)	HIGH (Rs.)
April 2007	435.00	505.00
May 2007	469.90	591.90
June 2007	551.30	628.50
July 2007	596.05	678.80
August 2007	534.00	643.00
September 2007	612.65	776.00
October 2007	689.00	956.90
November 2007	870.35	1025.00
December 2007	902.25	1013.30
January 2008	848.55	1291.50
February 2008	901.00	1150.00
March 2008	712.50	998.00

- The Share price of the Bank's equity share performed well on the stock exchange with a low of Rs.435/- during April, 2007 on the National Stock Exchange. It touched a high of Rs. 1,291.50 - during January, 2008. It showed a 196.89% appreciation between the low of April, 2007 and the high of January, 2008.

The reported high and low closing prices of GDRs of Axis Bank traded during 2007-08 on the London Stock Exchange are given below:

MONTH	LOW (USD)	HIGH (USD)
April 2007	10.68	12.50
May 2007	11.40	14.60
June 2007	13.73	15.24
July 2007	14.73	16.45
August 2007	12.99	16.20
September 2007	15.90	19.36
October 2007	17.60	23.70
November 2007	22.80	25.43
December 2007	23.00	25.28
January 2008	24.00	32.20
February 2008	23.90	28.00
March 2008	18.00	25.00

- **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
  Contact Persons: Shri V. K. Jayaraman, GM (RIS)/Ms. Varalakshmi, Manager (RIS)

- **Share Transfer System**

  A Share Committee consisting of the Executive Director (Corporate Banking), Senior Vice President (Law) and the Company Secretary of the Bank has been formed to look 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 31st March 2008, share transfers received a few days earlier, were transferred in the first week of April 2008.

  According to a notification of the Securities and Exchange Board of India (SEBI), the equity shares of the Bank shall be traded compulsorily in demat form by all investors w.e.f. 21st 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 during the last three years (excluding electronic transfer of shares in dematerialised form) is given below:

	2005-06	2006-07	2007-08
Number of transfer deeds	1,712	1,405	1,081
Number of shares transferred	1,71,011	1,40,550	1,61,413

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 ASE, BSE and NSE, where the 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 31st 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 ASE, BSE and NSE, where the equity shares of Axis Bank are listed.

Shareholders of Axis Bank with more than one per cent holding at 31st March 2008

NAME OF THE SHAREHOLDER	NO. OF SHARES	% TO TOTAL NO. OF SHARES
Administrator of The Specified Undertaking of the Unit Trust of India (SUUTI)	9,72,24,373	27.18%
Life Insurance Corporation of India	3,71,95,831	10.40%
HSBC Financial Services (Middle East) Limited A/C		
HSBC IRIS Investments (Mauritius) Limited	1,77,09,210	4.95%
Orient Global Tamarind (Mauritius) Limited	1,61,43,701	4.51%
ICICI Prudential Life Insurance Company Limited	1,46,11,770	4.08%
The Bank of New York - As Depository for the Equity Shares Representing the Underlying Shares to the Global Depository Receipts (GDRs) issued to the Investors Overseas - FDI Route	1,30,33,458	3.64%
General Insurance Corporation of India	81,61,404	2.28%
Citigroup Global Markets Mauritius Private Limited	61,56,594	1.72%
Norges Bank A/C Government Petroleum Fund	58,36,479	1.63%
JP Morgan Asset Management (Europe) S.A.R.L.A/C Flagship Indian Investment Company (Mauritius)	54,59,710	1.53%

CLSA (Mauritius) Limited	48,79,176	1.36%
DALI Limited	43,47,450	1.22%
The New India Assurance Company Limited	38,06,443	1.06%
Goldman Sachs Investments (Mauritius) I Ltd	36,28,447	1.01%

Distribution of shareholding as on 31st March 2008

Total nominal value	:	**357,70,96,690**
Nominal value of each equity share	:	**Rs.10/-**
Total number of equity shares	:	**35,77,09,669**
Distinctive numbers from	:	**1 to 35,77,09,669**

Shareholding of Nominal Value		Shareholders		Share Amount Nominal Value	
Rs.	**Rs.**	**Numbers**	**% to total Shareholders**	**In Rs.**	**% to Capital**
Up to	5,000	76,654	93.02	8,17,52,420	2.29%
5001	10,000	3,289	3.99	2,42,67,460	0.68%
10001	20,000	1,097	1.33	1,58,12,180	0.44%
20001	30,000	332	0.40	81,55,470	0.23%
30001	40,000	158	0.19	55,89,640	0.16%
40001	50,000	117	0.14	53,64,030	0.15%
50001	1,00,000	232	0.28	1,68,54,960	0.47%
100001	Above	526	0.64	3,41,93,00,530	95.59%
TOTAL		**82,405**	**100.00**	**3,57,70,96,690**	**100.00%**

As on 31st March 2008, out of a total of equity shares of the Bank, 35,44,91,209 shares representing 99.10% of total shares have been dematerialised.

- The Bank has issued in the course of an international offering to the investors overseas, securities linked to 4,34,91,000 ordinary shares in the form of Global Depositary Receipts (GDRs) during March/April, 2005 and 1,41,32,466 ordinary shares in the form of GDRs during July 2007 and the GDRs have been listed and traded on the London Stock Exchange. The Bank has simultaneously issued 4,34,91,000 and 1,41,32,466 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, BSE and the Ahmedabad Stock Exchange. The numbers of outstanding GDRs as on 31st March 2008 were 1,30,33,458.

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

- Branch Locations 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

We utilized several clutter-breaking methods of creating visibility for the new brand, such as combining two adjacent hoardings.

Auditor's 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 (formerly known as UTI Bank Limited) and its subsidiaries (the 'Group') as at March 31, 2008, 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 statement of subsidiary whose financial statement reflect total assets of Rs. 1,943.78 million as at March 31, 2008, total revenue of Rs.1.78 million and cash flow amounting to Rs. 23.81 million for the year then ended. These financial statement and other financial information have been audited by other auditor whose report has been furnished to us, and our opinion is based solely on the report of other auditor.

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 issued by the Institute of Chartered Accountants of India.

5. Based on our audit and on consideration of report of other auditor on separate financial statement 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 gives 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 March 31, 2008;

   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.
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.:048749

Place: Mumbai
Date: April 21, 2008

We advertised on prominent websites as well, with the new brand appearing at entry and exit points of sites.

CONSOLIDATED BALANCE SHEET AS ON 31 MARCH 2008

	Schedule No.	As on 31-03-2008 *(Rs. in Thousands)*	As on 31-03-2007 *(Rs. in Thousands)*
CAPITAL AND LIABILITIES			
Capital	1	**3,577,097**	2,816,308
Reserves & Surplus	2	**83,941,262**	31,068,175
Employees' Stock Options Outstanding (Net)	17(4.16)	**21,868**	89,783
Deposits	3	**876,193,450**	587,850,227
Borrowings	4	**56,240,405**	51,956,030
Other liabilities and provisions	5	**75,689,729**	58,779,259
TOTAL		**1,095,663,811**	**732,559,782**
ASSETS			
Cash and Balances with Reserve Bank of India	6	**73,056,584**	46,610,303
Balances with banks and money at call and short notice	7	**51,998,614**	22,572,748
Investments	8	**338,651,008**	268,871,605
Advances	9	**594,759,888**	368,764,606
Fixed Assets	10	**9,324,663**	6,778,359
Other Assets	11	**27,873,054**	18,962,161
TOTAL		**1,095,663,811**	**732,559,782**
Contingent liabilities	12	**2,588,956,615**	1,841,653,501
Bills for collection		**83,233,927**	62,746,332
Significant Accounting Policies and Notes to Accounts	17		

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.
Chartered Accountants

For Axis Bank Ltd.

P. J. Nayak
Chairman & CEO

per Viren H. Mehta
Partner
Membership No.: 048749

N. C. Singhal
Director

R. H. Patil
Director

R. B. L. Vaish
Director

P. J. Oza
Company Secretary

Date: 21 April 2008
Place: Mumbai

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2008

		Schedule No.	Year ended 31-03-2008 *(Rs. in Thousands)*	Year ended 31-03-2007 *(Rs. in Thousands)*
I	**INCOME**			
	Interest earned	13	**70,050,803**	44,616,457
	Other income	14	**17,959,215**	10,099,065
	TOTAL		**88,010,018**	**54,715,522**
II	**EXPENDITURE**			
	Interest expended	15	**44,198,438**	29,931,767
	Operating expenses	16	**21,667,056**	12,193,592
	Provisions and contingencies	17(5.1.2)	**11,553,104**	6,047,687
	TOTAL		**77,418,598**	**48,173,046**
III	**CONSOLIDATED NET PROFIT ATTRIBUTABLE TO GROUP**		**10,591,420**	6,542,476
	Balance in Profit & Loss account brought forward from previous year		**10,242,933**	7,310,390
	Utilisation for Employee Benefits Provision under Accounting Standard (AS)-15 (Revised)		**-**	(318,028)
IV	**AMOUNT AVAILABLE FOR APPROPRIATION**		**20,834,353**	13,534,838
V	**APPROPRIATIONS :**			
	Transfer to Statutory Reserve		**2,677,572**	1,647,571
	Transfer to Capital Reserve		**268,389**	156,415
	Proposed Dividend (includes tax on dividend)	17(5.1.6)	**2,516,380**	1,487,919
	Balance in Profit & Loss account carried forward		**15,372,012**	10,242,933
	TOTAL		**20,834,353**	**13,534,838**
VI	**EARNINGS PER EQUITY SHARE**	17(5.1.5)		
	(Face value Rs.10/- per share) (Rupees)			
	Basic		**31.80**	23.33
	Diluted		**30.96**	22.63
	Significant Accounting Policies and Notes to Accounts	17		
	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.
Chartered Accountants

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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	Year ended 31-03-2008 *(Rs. in Thousands)*	Year ended 31-03-2007 *(Rs. in Thousands)*
Cash flow from operating activities		
Net profit before taxes	**16,348,108**	**9,914,041**
Adjustments for:		
Depreciation & impairment provision on fixed assets	**1,592,998**	1,120,129
Depreciation on investments	**65,459**	669,666
Amortisation of premium on Held to Maturity investments	**977,647**	987,486
Provision for Non Performing Advances/Investments (including bad debts)	**3,440,118**	737,370
General provision on securitised assets	**(1,123)**	25,400
Provision on standard assets	**1,534,574**	1,223,500
General provision for retail assets	**-**	17,700
Provision for wealth tax	**2,155**	2,487
Loss on sale of fixed assets	**151,762**	29,101
Provision for country risk	**35,500**	-
Contingent provision against derivatives	**719,733**	-
Amortisation of deferred employee compensation	**1,965**	27,067
	24,868,896	**14,753,947**
Adjustments for:		
(Increase)/Decrease in investments	**(26,331,275)**	(21,042,997)
(Increase)/Decrease in advances	**(229,410,896)**	(146,307,272)
Increase/(Decrease) in borrowings	**4,284,375**	25,146,713
Increase/(Decrease) in deposits	**288,343,222**	186,714,914
(Increase)/Decrease in other assets	**(7,784,117)**	(1,351,054)
Increase/(Decrease) in other liabilities & provisions	**14,314,296**	(873,234)
Direct taxes paid	**(6,885,620)**	(4,137,841)
Net cash flow from operating activities	**61,398,881**	**52,903,176**
Cash flow from investing activities		
Purchase of fixed assets	**(4,417,436)**	(2,273,870)
(Increase)/Decrease in Held to Maturity Investments	**(44,515,738)**	(34,264,647)
Proceeds from sale of fixed assets	**126,372**	34,855
Net cash used in investing activities	**(48,806,802)**	**(36,503,662)**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

	Year ended 31-03-2008 (Rs. in Thousands)	Year ended 31-03-2007 (Rs. in Thousands)
Cash flow from financing activities		
Proceeds from issue of Subordinated debt (net of repayment)	**(2,455,000)**	3,393,000
Proceeds from issue of Perpetual debt and Upper Tier II instruments	**1,734,198**	13,735,120
Proceeds from issue of Share Capital	**760,789**	29,401
Proceeds from Share Premium (net of share issue expenses)	**44,706,032**	330,025
Payment of Dividend	**(1,488,087)**	(1,117,416)
Net cash generated from financing activities	**43,257,932**	**16,370,130**
Effect of exchange fluctuation translation reserve	**22,135**	(5,015)
Net increase in cash and cash equivalents	**55,872,146**	32,764,629
Cash and cash equivalents as at 1 April 2007	**69,183,051**	36,418,422
Cash and cash equivalents as at 31 March 2008	**125,055,197**	69,183,051

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
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P. J. Oza
Company Secretary

Date: 21 April 2008
Place: Mumbai

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH, 2008

	As on 31-03-2008 *(Rs. in Thousands)*	As on 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 1 - CAPITAL		
Authorised Capital		
500,000,000 Equity Shares of Rs. 10/- each	**5,000,000**	3,000,000
(Previous year - 300,000,000 Equity Shares of Rs.10/- each)		
Issued, Subscribed and Paid-up capital		
357,709,669 Equity Shares of Rs. 10/- each fully paid up	**3,577,097**	2,816,308
(Previous year - 281,630,787 Equity Shares of Rs.10/- each fully paid-up)		
[Included above are 13,033,458 GDRs (previous year 11,994,991) representing 13,033,458 equity shares (previous year 11,994,991)]		

	As on 31-03-2008 *(Rs. in Thousands)*	As on 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 2 - RESERVES AND SURPLUS		
I. **Statutory Reserve**		
Opening Balance	**5,846,822**	4,199,251
Additions during the year	**2,677,572**	1,647,571
	8,524,394	**5,846,822**
II. **Share Premium Account**		
Opening Balance	**13,956,295**	13,554,592
Additions during the year	**45,248,464**	401,703
Less: Share issue expenses [refer 17(5.1.1)]	**(472,552)**	-
	58,732,207	**13,956,295**
III. **General Reserve**		
Opening Balance	**143,000**	143,000
Additions during the year	**-**	-
	143,000	**143,000**
IV. **Capital Reserve**		
Opening Balance	**883,509**	727,094
Additions during the year	**268,389**	156,415
	1,151,898	**883,509**
V. **Foreign Currency Translation Reserve**		
Opening Balance	**(4,384)**	630
Additions during the year [refer 17(4.5)]	**22,135**	(5,014)
	17,751	**(4,384)**
VI. **Balance in Profit & Loss Account**	**15,372,012**	10,242,933
TOTAL	**83,941,262**	**31,068,175**

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH, 2008

	As on 31-03-2008 *(Rs. in Thousands)*	As on 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 3 - DEPOSITS		
A. I. Demand Deposits		
(i) From banks	**8,957,267**	7,490,364
(ii) From others	**191,471,732**	105,551,056
II. Savings Bank Deposits	**199,824,102**	121,258,808
III. Term Deposits		
(i) From banks	**36,841,899**	60,206,636
(ii) From others	**439,098,450**	293,343,363
TOTAL	**876,193,450**	**587,850,227**
B. I. Deposits of branches in India	**863,847,591**	585,723,408
II. Deposits of branches outside India	**12,345,859**	2,126,819
TOTAL	**876,193,450**	**587,850,227**
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
(i) Reserve Bank of India	**-**	-
(ii) Other Banks	**-**	6,000,000
(iii) Other institutions & agencies	**5,466,886**	12,038,952
II. Borrowings outside India	**50,773,519**	33,917,078
TOTAL	**56,240,405**	**51,956,030**
Secured borrowing included in I & II above	**-**	-
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	**21,022,319**	13,095,209
II. Inter - office adjustments (net)	**-**	-
III. Interest accrued	**1,777,562**	1,772,747
IV. Proposed dividend (includes tax on dividend)	**2,511,015**	1,482,723
V. Subordinated Debt #	**18,824,000**	21,279,000
VI. Perpetual Debt and Upper Tier II instruments *	**15,469,318**	13,735,120
VII. Contingent provision against standard assets	**3,589,183**	2,054,609
VIII. Others (including provisions) @	**12,496,332**	5,359,851
TOTAL	**75,689,729**	**58,779,259**

Represents Subordinated Debt of 5,862 Bonds (previous year 10,772 Bonds) of Rs. 5,00,000/- each and 15,893 Bonds (previous year 15,893 Bonds) of Rs. 10,00,000/- each, in the nature of Non Convertible Debentures [Also refer 17(5.1.3)]

* Represents Rs. 398.55 crores (previous year Rs. 413.96 crores) of Perpetual Debt and Rs.1,148.38 crores (previous year Rs. 959.55 crores) of Upper Tier II instruments [Also refer 17(5.1.4)]

@ Includes contingent provision against derivatives of Rs. 71.97 crores [previous year Rs. Nil]

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH, 2008

		As on 31-03-2008 *(Rs. in Thousands)*	As on 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I.	Cash in hand & in ATM [including foreign currency notes]	**15,203,291**	8,367,508
II.	Balances with Reserve Bank of India :		
	(i) in Current Account	**57,853,293**	38,242,795
	(ii) in Other Accounts	**-**	-
	TOTAL	**73,056,584**	46,610,303
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I.	In India		
	(i) Balance with Banks		
	(a) in Current Accounts	**10,461,130**	6,242,429
	(b) in Other Deposit Accounts	**732,279**	524,183
	(ii) Money at Call and Short Notice		
	(a) With banks	**31,075,560**	12,137,816
	(b) With other institutions	**-**	-
	TOTAL	**42,268,969**	18,904,428
II.	Outside India		
	(i) in Current Accounts	**3,845,647**	2,903,160
	(ii) in Other Deposit Accounts	**1,203,600**	679,180
	(iii) Money at Call & Short Notice	**4,680,398**	85,980
	TOTAL	**9,729,645**	3,668,320
	GRAND TOTAL (I+II)	**51,998,614**	22,572,748

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH, 2008

		As on 31-03-2008 *(Rs. in Thousands)*	As on 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 8 - INVESTMENTS			
I.	**Investments in India in -**		
	(i) Government Securities ## **	**201,788,389**	164,308,412
	(ii) Other approved securities	**-**	-
	(iii) Shares	**7,705,920**	4,627,908
	(iv) Debentures and Bonds $	**108,211,618**	70,448,978
	(v) Investment in Joint Ventures	**130,000**	**-**
	(vi) Others @ (Mutual Fund units, CD / CP, NABARD deposits, PTC etc.)	**15,688,378**	24,790,893
	Gross Investments in India	**333,524,305**	264,176,191
	Less : Depreciation in the value of investments (includes provision for Non Performing Investments Rs. 8.96 crores, previous year Rs.6.67 crores)	**(958,994)**	(923,298)
	Net investments in India	**332,565,311**	263,252,893
II.	**Investments outside India in -**		
	(i) Government Securities (including local authorities)	**-**	54,552
	(ii) Subsidiaries and / or joint ventures abroad	**-**	-
	(iii) Others	**6,138,360**	5,564,160
	Gross Investments outside India	**6,138,360**	5,618,712
	Less : Depreciation in the value of investments	**(52,663)**	-
	Net investments outside India	**6,085,697**	5,618,712
	GRAND TOTAL	**338,651,008**	**268,871,605**

@ Includes deposits with NABARD Rs. 1,000.69 crores (previous year Rs. 866.89 crores) and PTC's Rs. 530.66 crores (previous year Rs. 1,344.40 crores)

Includes securities costing Rs. 3,871.77 crores (previous year Rs. 3,581.47 crores) pledged for availment of fund transfer facility, clearing facility and margin requirement

** Includes Repo Lending of Rs. 503.75 crores (previous year Rs. 1,350.94 crores) and net of Repo borrowing of Rs. Nil under the Liquidity Adjustment Facility (previous year Rs. 304.64 crores) in line with Reserve Bank of India requirements.

$ Includes securities costing Rs. 175.06 crores (previous year Rs. 321.76 crores) pledged for margin requirement

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH, 2008

		As on 31-03-2008 *(Rs. in Thousands)*	As on 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 9 - ADVANCES			
A.	(i) Bills purchased and discounted #	**20,236,224**	12,737,121
	(ii) Cash credits, overdrafts and loans repayable on demand	**164,432,415**	98,865,838
	(iii) Term loans	**410,091,249**	257,161,647
	TOTAL	**594,759,888**	**368,764,606**
B.	(i) Secured by tangible assets $	**480,621,824**	305,022,640
	(ii) Covered by Bank/Government Guarantees &&	**17,698,818**	14,489,278
	(iii) Unsecured	**96,439,246**	49,252,688
	TOTAL	**594,759,888**	**368,764,606**
C.	I. Advances in India		
	(i) Priority Sector	**165,722,514**	131,963,321
	(ii) Public Sector	**62,114**	215,406
	(iii) Banks	**276,307**	276,841
	(iv) Others	**374,889,725**	210,553,409
	TOTAL	**540,950,660**	**343,008,977**
	II. Advances Outside India		
	(i) Due from banks	**-**	-
	(ii) Due from others -		
	(a) Bills purchased and discounted	**2,151,461**	2,913,534
	(b) Syndicated loans	**20,476,677**	2,441,985
	(c) Others	**31,181,090**	20,400,110
	TOTAL	**53,809,228**	**25,755,629**
	GRAND TOTAL [C I + C II]	**594,759,888**	**368,764,606**

Bills purchased & discounted are net of Rs. Nil (previous year Rs. 700 crores) of borrowings under the Bills Rediscounting Scheme

$ 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, 2008

		As on 31-03-2008 *(Rs. in Thousands)*	As on 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 10 - FIXED ASSETS			
I.	Premises		
	At cost at the beginning of the year	**337,296**	337,296
	Additions during the year	**224,629**	-
	Deductions during the year	**(61,603)**	-
	Depreciation to date	**(86,192)**	(72,401)
	TOTAL	**414,130**	**264,895**
II.	Other fixed assets (including Furniture & Fixtures)		
	At cost at the beginning of the year	**9,930,815**	7,884,495
	Additions during the year	**3,160,290**	2,165,321
	Deductions during the year	**(399,916)**	(119,001)
	Depreciation to date	**(5,429,973)**	(4,192,811)
	TOTAL	**7,261,216**	**5,738,004**
III.	Assets on Lease		
	At cost at the beginning of the year	**765,000**	765,000
	Additions during the year	**-**	-
	Deductions during the year	**-**	-
	Depreciation to date	**(276,010)**	(241,776)
	Provision for impairment	**(124,426)**	-
	TOTAL	**364,564**	**523,224**
		8,039,910	6,526,123
IV.	CAPITAL WORK-IN-PROGRESS (including capital advances)	**1,284,753**	252,236
	GRAND TOTAL (I+II+III+IV)	**9,324,663**	**6,778,359**
SCHEDULE 11 - OTHER ASSETS			
I.	Inter-office adjustments (net)	**-**	-
II.	Interest Accrued	**9,078,710**	6,419,098
III.	Tax paid in advance/tax deducted at source (net of provisions)	**577,732**	1,043,522
IV.	Stationery and stamps	**9,188**	8,463
V.	Non banking assets acquired in satisfaction of claims	**-**	-
VI.	Others #	**18,207,424**	11,491,078
	TOTAL	**27,873,054**	**18,962,161**

\# Includes deferred tax assets of Rs. 319.05 crores (previous year Rs. 159.80 crores)

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS ON 31 MARCH, 2008

SCHEDULE 12 - CONTINGENT LIABILITIES

		As on 31-03-2008 (Rs. in Thousands)	As on 31-03-2007 (Rs. in Thousands)
I.	Claims against the Group not acknowledged as debts	**2,547,691**	1,707,515
II.	Liability for partly paid investments	**-**	-
III.	Liability on account of outstanding forward exchange and derivative contracts :		
	(a) Forward Contracts	**643,204,542**	507,359,036
	(b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	**1,565,202,992**	1,174,108,995
	(c) Foreign Currency Options	**161,000,980**	52,836,219
	TOTAL	**2,369,408,514**	**1,734,304,250**
IV.	Guarantees given on behalf of constituents		
	In India	**117,963,502**	43,813,548
	Outside India	**1,755,695**	50,287
V.	Acceptances, endorsements and other obligations	**82,465,595**	54,771,929
VI.	Other items for which the Group is contingently liable	**14,815,618**	7,005,972
	TOTAL	**2,588,956,615**	**1,841,653,501**

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2008

		Year ended 31-03-2008 *(Rs. in Thousands)*	Year ended 31-03-2007 *(Rs. in Thousands)*
SCHEDULE 13 - INTEREST EARNED			
I.	Interest/discount on advances/bills	**47,454,168**	27,028,479
II.	Income on investments	**21,023,156**	16,327,165
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	**1,076,363**	773,012
IV.	Others	**497,116**	487,801
	TOTAL	**70,050,803**	**44,616,457**
SCHEDULE 14 - OTHER INCOME			
I.	Commission, exchange and brokerage	**13,209,366**	7,789,647
II.	Profit/(Loss) on sale of Investments/Derivative transactions (net)	**2,202,527**	608,753
III.	Profit on exchange transactions (net)	**2,074,816**	1,248,471
IV.	Profit/(Loss) on sale of fixed assets (net)	**(151,762)**	(29,101)
V.	Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	**-**	-
VI.	Lease rentals	**34,702**	34,764
VII.	Miscellaneous Income [including recoveries on account of advances/investments written off in earlier years Rs. 44.90 crores (previous year Rs. 23.62 crores) and profit on account of portfolio sell downs/securitisation Rs. 9.06 crores (previous year Rs.2.00 crores)]	**589,566**	446,531
	TOTAL	**17,959,215**	**10,099,065**
SCHEDULE 15 - INTEREST EXPENDED			
I.	Interest on deposits	**37,424,060**	24,807,481
II.	Interest on Reserve Bank of India/Inter-bank borrowings	**1,763,008**	1,687,973
III.	Others @	**5,011,370**	3,436,313
	TOTAL	**44,198,438**	**29,931,767**
@	Including interest on repos & subordinated debt		
SCHEDULE 16 - OPERATING EXPENSES			
I.	Payments to and provisions for employees	**7,520,971**	3,911,833
II.	Rent, taxes and lighting	**2,579,994**	1,599,232
III.	Printing and stationery	**544,723**	376,380
IV.	Advertisement and publicity	**744,067**	296,166
V.	Depreciation on bank's property (incl. Impairment provision)	**1,592,998**	1,120,129
VI.	Directors' fees, allowance and expenses	**7,108**	5,879
VII.	Auditor's fees and expenses	**6,649**	5,038
VIII.	Law charges	**52,713**	64,051
IX.	Postage, telegrams, telephones etc.	**1,051,018**	701,018
X.	Repairs and maintenance	**1,907,586**	1,289,791
XI.	Insurance	**767,285**	548,160
XII.	Other expenditure	**4,891,944**	2,275,915
	TOTAL	**21,667,056**	**12,193,592**

17 Significant accounting policies and notes forming part of the consolidated financial statements for the year ended 31 March 2008

(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'. Pursuant to the approval received from the Registrar of Companies, Gujarat, the Bank has changed its name from 'UTI Bank Limited' to 'Axis Bank Limited' with effect from 30 July 2007.

The Bank consolidates its subsidiaries in accordance with 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.

2 Basis of preparation

The financial statements of the Group 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, the Accounting Standards ('AS') issued by the Institute of Chartered Accountants of India ('ICAI') and notified by Companies Accounting Standards Rules, 2006 to the extent applicable and current practices prevailing within the banking industry in India.

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

Name	Country of Incorporation	Ownership Interest
Axis Sales Ltd. (formerly UBL Sales Ltd.)	India	100.00%
Axis Private Equity Ltd. (formerly UBL Asset Management Company Ltd.)	India	100.00%

The audited financial statements of the subsidiaries have been drawn up to the same reporting date as that of the Bank, i.e. 31 March 2008.

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.

The Bank indirectly through its subsidiary holds more than 20% of the equity shares of certain companies. These investments are acquired for a temporary period with an intention to transfer in future. Such investments do not fall within the definition of an Associate as per AS-23, Accounting for Investments in Associates in Consolidated Financial Statements, 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 recognised prospectively in the current and future periods.

4 Significant accounting policies

4.1 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 resale 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 only of 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 in the nature of advances 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 for at the acquisition cost/book value/market value as on the date of transfer, whichever is lower, and the depreciation, if any, on such transfer is recognised in the profit and loss account.

Valuation

Investments classified under the HTM category are carried at acquisition cost. Any premium on acquisition over face value is amortised on a straight-line 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 ('FIMMDA'), periodically. Net depreciation, if any, within each category of investments is recognised 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 and Commercial Paper, 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 50 basis points to the Base Yield Curve of Central Government Securities;
- market value of unquoted State Government securities is derived by applying the YTM method by marking it up by 25 basis points above the yields of the Central Government Securities of equivalent maturity 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 various 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 categorised as 'Held to Maturity' in accordance with RBI guidelines.

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 recognised as interest income/expense over the period of the transaction. However, depreciation in their value, if any, compared to their original cost, is recognised in the profit and loss account.

4.2 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 Non Performing Advances. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. Provisions for NPAs (other than retail advances) are made for sub-standard and doubtful assets at rates as 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.

In the case of retail advances, provisions are made 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.

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

A general provision @ 0.25% to 2.00% is made on the various classes of standard assets as prescribed by RBI.

4.3 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 categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit and provisioning 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.

4.4 Securitisation

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

4.5 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. 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 recognised 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 Non-Resident ('FCNR') deposits 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.

Premium/discount on currency swaps undertaken to hedge FCNR deposits is recognised as interest income/expense and is amortised on a straight-line 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 recognised in the profit and loss account of the period.

4.6 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 unrealised gain or loss being recognised in the profit and loss account and correspondingly in other assets or other liabilities respectively. Hedged swaps/options are accounted for on an accrual basis.

4.7 Revenue recognition

Axis Bank Ltd.

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

Commission income on deferred payment guarantees, is recognised pro-rata over the period of the guarantee. All other fee income is recognised upfront on its becoming due.

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 recognised at the time of sale.

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

Axis Sales Ltd.

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

Commission income is recognised on the basis of accrual when all the services are performed.

4.8 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
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 recognised on a pro-rata basis to the profit and loss account till the date of sale.

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised 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.

4.9 Lease transactions

Axis Bank Ltd.

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

Group

Lease payments for assets taken on operating lease are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

4.10 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 determines 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.

Superannuation

Employees of the Bank are entitled to receive retirement benefits under the Bank's Superannuation scheme. Superannuation is a defined contribution plan under which 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 recognised 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 Sales 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.

During the year, the Company has adopted Accounting Standard 15 (Revised) on 'Employee Benefits' which is mandatory from accounting periods commencing on or after December 7, 2006. Accordingly the company has provided for gratuity based on actuarial valuation done as per projected unit credit method. Since the Company has adequately provided the liability in the previous year there is no adjustment made to the general reserve as per the transitional provision of the revised accounting standard.

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 projected unit credit method.

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

Axis Private Equity Ltd.

Gratuity

The payment of Gratuity Act, 1972 is not yet applicable to the Company.

4.11 Credit Card reward points

Axis Bank Ltd.

The Bank estimates the probable redemption of 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.

4.12 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 tax adjustments comprise changes in the deferred tax assets or liabilities during the period.

Deferred tax assets and liabilities are recognised on a prudent basis for the future tax consequences of timing differences arising between the carrying values of assets and liabilities and their respective tax basis, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted prior to the balance sheet date. The impact of changes in the deferred tax assets and liabilities is recognised in the profit and loss account.

Deferred tax assets are recognised and reassessed at each reporting date, based upon management's judgement as to whether realisation is considered as reasonably certain. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax asset can be realised against future profits.

4.13 Share Issue Expenses

Axis Bank Ltd.

Share issue expenses are adjusted from share premium account.

4.14 Earnings per share

Group

The Group reports basic and diluted earnings per share in accordance with AS 20 -'Earnings per Share'. 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.

4.15 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.

4.16 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 recognised as a deferred compensation cost and amortised 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 the Board of Directors meeting in which options are granted / shares are issued, 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.

4.17 Provisions, contingent liabilities and contingent assets

Group

A provision is recognised 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 recognised 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 recognised 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 recognised in the period in which the change occurs.

5 Notes to Accounts

5.1.1 Share Capital

During the year ended 31 March 2008, the Bank raised additional equity capital in the form of 1,41,32,466 Global Depository Receipts (GDRs) (each GDR representing 1 underlying equity share of Rs. 10/- each), at a price of US$ 15.43 per GDR. The Bank also undertook a Qualified Institutional Placement (QIP) of 2,82,64,934 shares and a preferential allotment of 3,06,95,129 shares at a price of Rs. 620/- per share. As a consequence, the paid-up share capital of the Bank has increased by Rs. 73.09 crores and the reserves of the Bank have increased by Rs. 4,414.01 crores after charging of issue related expenses.

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

5.1.2 'Provisions and contingencies' recognised in the profit and loss account include:

(Rs. in crores)

For the year ended	**31 March 2008**	31 March 2007
Provision for income tax		
- Current tax for the year	**725.59**	412.60
- Deferred tax for the year	**(159.25)**	(81.49)
Provision for fringe benefit tax	**9.33**	6.05
	575.67	337.16
Provision for wealth tax	**0.22**	0.25
Provision for non performing advances & investments (including bad debts written off and write backs)	**344.01**	73.73
Provision towards standard assets	**153.46**	122.35
General provision for retail loans	**-**	1.77
Provision for depreciation in value of investments	**6.54**	66.97
Provision for securitised assets	**(0.11)**	2.54
Contingent provision against derivatives	**71.97**	-
Provision for country risk	**3.55**	-
Total	**1,155.31**	604.77

5.1.3 The Bank has not raised any subordinated debt during the year ended 31 March 2008.

During the year ended 31 March 2008, the Bank redeemed subordinated debt of Rs. 245.50 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
28 April 2007	85 months	11.75%	Rs. 100.00 crores
4 June 2007	66 months	9.80%	Rs. 112.00 crores
27 June 2007	63 months	9.30%	Rs. 33.50 crores

During the year ended 31 March 2007, the Bank raised subordinated debt of Rs. 389.30 crores, the details of which are set out below:

Date of allotment	Period	Coupon	Amount
28 June 2006	87 months	8.95%	Rs. 33.50 crores
	120 months	9.10%	Rs. 104.90 crores
30 March 2007	120 months	10.10%	Rs. 250.90 crores

During the year ended 31 March 2007, the Bank redeemed subordinated debt of Rs. 50 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
28 June 2006	63 months	11.10%	Rs. 50.00 crores

5.1.4 During the year ended 31 March 2008, the Bank raised hybrid capital in the form of Upper Tier II bonds qualifying as Tier II capital, the details of which are set out below:

Type of Capital	Date of allotment	Period	Coupon	Amount
Upper Tier II	28 June 2007	180 months	7.125%	(USD 60 million) Rs. 240.72 crores

During the year ended 31 March 2007, the Bank raised hybrid capital in the form of Perpetual Debt of Rs. 413.96 crores qualifying as Tier I capital and Rs. 959.55 crores qualifying as Tier II capital, the details of which are set out below:

Type of Capital	Date of allotment	Period	Coupon	Amount
Upper Tier II	11 August 2006	180 months	7.25%	(USD 150 million) Rs. 652.05 crores
Perpetual Debt	30 September 2006	Perpetual	10.05%	Rs. 214.00 crores
Perpetual Debt	15 November 2006	Perpetual	7.167%	(USD 46 million) Rs. 199.96 crores
Upper Tier II	24 November 2006	180 months	9.35%	Rs. 200.00 crores
Upper Tier II	6 February 2007	180 months	9.50%	Rs. 107.50 crores

5.1.5 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

As at	31 March 2008	31 March 2007
Basic and Diluted earnings for the year (Net profit after tax) (Rs. in crores)	**1,059.14**	654.25
Basic weighted average no. of shares (in crores)	**33.31**	28.05
Add: Equity shares for no consideration arising on grant of stock options under ESOP	**0.90**	0.86
Diluted weighted average no. of shares (in crores)	**34.21**	28.91
Basic EPS (Rs.)	**31.80**	23.33
Diluted EPS (Rs.)	**30.96**	22.63
Nominal value of shares (Rs.)	**10.00**	10.00

Dilution of equity is on account of 8,986,371 stock options (previous year 8,653,638).

5.1.6 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 2008, 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 2008 includes dividend of Rs. 0.54 crores paid pursuant to exercise of 1,018,992 employee stock options after the previous year end and record date for declaration of dividend for the year ended 31 March 2007.

5.1.7 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 authorised 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 and June 2006, pursuant to the approval of the shareholders at Annual General Meeting, the Bank approved an ESOP scheme for additional 10,000,000 and 4,800,000 options respectively.

19,887,005 options have been granted under the Scheme till the previous year ended 31 March 2007.

On 17 April 2007, the Bank granted 6,729,340 stock options (each option representing entitlement to one equity share of the Bank) to its employees and the Chairman & CEO. These options can be exercised at a price of Rs. 468.90 per option.

The Bank has not recorded any compensation cost on options granted during the year ended 31 March 2001, year ended 31 March 2006, year ended 31 March 2007 and the current year ended 31 March 2008 as the exercise price was more than or equal to the quoted market price of underlying equity shares on the grant date.

The Bank recorded a compensation cost of Rs 1.39 crores on options granted during the year ended 31 March 2002, Rs. 1.99 crores on options granted during the year ended 31 March 2004, Rs. 24.21 crores on options granted during the year ended 31 March 2005, based on the excess of the quoted market price of the underlying equity shares as of the date of the grant over the exercise price. The compensation cost is amortised over the vesting period.

Compensation expense for all the grants under the Scheme for the year ended 31 March 2008 is Rs. 0.20 crores.

Stock option activity under the Scheme for the year ended 31 March 2008 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	**9,872,910**	**29.68 to 319.00**	**250.14**	**3.19**
Granted during the year	**6,729,340**	**468.90**	**468.90**	**-**
Forfeited during the year	**(820,249)**	**39.77 to 468.90**	**398.10**	**-**
Expired during the year	**(1,380)**	**39.77**	**39.77**	**-**
Exercised during the year	**(2,986,353)**	**29.68 to 468.90**	**199.51**	**-**
Outstanding at the end of the year	**12,794,268**	**29.68 to 468.90**	**367.55**	**3.57**
Exercisable at the end of the year	**2,082,034**	**29.68 to 468.90**	**250.56**	**2.12**

Stock option activity under the Scheme for the year ended 31 March 2007 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	8,838,245	29.68 to 232.10	171.39	4.00
Granted during the year	4,695,860	319.00	319.00	-
Forfeited during the year	(720,744)	29.68 to 319.00	254.96	-
Expired during the year	(391)	29.68 to 319.00	29.70	-

Exercised during the year	(2,940,060)	29.68 to 319.00	122.25	-
Outstanding at the end of the year	9,872,910	29.68 to 319.00	250.14	3.19
Exercisable at the end of the year	979,768	29.68 to 319.00	200.43	3.90

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 follows:

	31 March 2008	31 March 2007
Net Profit (as reported) (Rs. in crores)	**1,059.14**	654.25
Add: Stock based employee compensation expense included in net income (Rs. in crores)	**0.20**	2.71
Less: Stock based employee compensation expense determined under fair value based method (proforma) (Rs. in crores)	**(71.87)**	(45.92)
Net Profit (Proforma) (Rs. in crores)	**987.47**	611.04
Earnings per share: Basic (in Rs.)		
As reported	**31.80**	23.33
Proforma	**29.64**	21.78
Earnings per share: Diluted (in Rs.)		
As reported	**30.96**	22.63
Proforma	**28.86**	21.14

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 2008	31 March 2007
Dividend yield	**1.37%**	1.69%
Expected life	**2-4 years**	2-4 years
Risk free interest rate	**8.21% to 8.33%**	6.93% to 7.17%
Volatility	**44.20% to 51.21%**	46.91% to 52.03%

5.1.8 Segmental reporting

Effective 1st April 2007, the Group has adopted RBI's revised guidelines on Segment Reporting issued on 18th April 2007 vide RBI Circular No. DBOD.No. BP.BC. 81 / 21.04.018/ 2006-07 in terms of which the business of the Group is divided into four segments: Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Business. The operations of Axis Sales Ltd. and Axis Private Equity Ltd. have been classified under the 'Retail Banking' and 'Treasury' segment respectively. 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
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
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
Other Banking Business	All banking transactions not covered under any of the above three segments

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

Segment revenue includes earnings from external customers plus earnings 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 revenue represents the transfer price paid/received by the Central Funding Unit (CFU). For this purpose, the funds transfer pricing mechanism presently followed by the Bank, which is based on cost of funds and spreads, has been used. Operating expenses are allocated to the segments based on an activity-based costing methodology. All activities in the Group 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 2008				
	Treasury	**Corporate/ Wholesale Banking**	**Retail Banking**	**Other Banking Business**	**Total**
Segment Revenue					
Gross interest income (external customers)	2,256.10	3,162.93	1,584.09	1.96	7,005.08
Other income	460.88	661.64	684.88	(11.48)	1,795.92
Total income as per profit and loss account	**2,716.98**	**3,824.57**	**2,268.97**	**(9.52)**	**8,801.00**
Add/(less) inter segment interest income	9,774.38	953.44	1,991.51	-	12,719.33
Total segment income	**12,491.36**	**4,778.01**	**4,260.48**	**(9.52)**	**21,520.33**
Less: Interest expense (external customers)	3,248.34	-	1,171.50	-	4,419.84
Less: Inter segment interest expenses	8,664.44	2,704.98	1,349.91	-	12,719.33
Less: Operating expenses	139.50	640.03	1,374.74	12.44	2,166.71
Operating profit	**439.08**	**1,433.00**	**364.33**	**(21.96)**	**2,214.45**
Less: Provision for non performing assets/Others	96.11	242.98	240.33	0.22	579.64
Segment result	**342.97**	**1,190.02**	**124.00**	**(22.18)**	**1,634.81**
Less: Provision for Tax	-	-	-	-	**575.67**
Net Profit	**-**	**-**	**-**	**-**	**1,059.14**
Segment assets	47,099.27	40,949.83	19,784.63	1,732.64	109,566.37
Segment liabilities	45,682.81	22,604.53	31,867.91	659.28	100,814.53
Net assets	**1,416.46**	**18,345.30**	**(12,083.28)**	**1,073.36**	**8,751.84**
Fixed assets additions during the year	-	-	-	338.49	338.49
Depreciation and impairment provision on fixed assets during the year	-	-	-	159.30	159.30

(Rs. in crores)

	31 March 2007			
	Treasury	**Other Banking Operations**	**Unallocated**	**Total**
Segment Revenue				
Gross interest income (external customers)	1,761.32	2,700.32	-	4,461.64
Other income	239.50	772.84	(2.43)	1,009.91
Total income as per profit and loss account	**2,000.82**	**3,473.16**	**(2.43)**	**5,471.55**
Add/(less) inter segment interest income	6,775.81	1,841.19	-	8,617.00
Total segment income	**8,776.63**	**5,314.35**	**(2.43)**	**14,088.55**
Less: Interest expense (external customers)	2,314.57	678.60	-	2,993.17
Less: Inter segment interest expenses	6,085.65	2,531.35	-	8,617.00
Less: Operating expenses	77.49	1,141.87	-	1,219.36
Operating profit	**298.92**	**962.53**	**(2.43)**	**1,259.02**
Less: Provision for non performing assets/Others	72.46	195.15	-	267.61
Segment result	**226.46**	**767.38**	**(2.43)**	**991.41**
Less: Provision for Tax	-	-	-	337.16
Net Profit	-	-	-	654.25
Segment assets	34,329.18	37,667.09	1,259.71	73,255.98
Segment liabilities	37,073.98	32,404.60	388.95	69,867.53
Net assets	**(2,744.80)**	**5,262.49**	**870.76**	**3,388.45**
Fixed assets additions during the year	-	-	216.53	216.53
Depreciation on fixed assets during the year	-	-	112.01	112.01

In terms of RBI guidelines on Segment Reporting, disclosure of previous year figures in the first year of reporting under the revised format is not necessary. Segmental results relating to the previous year ended 31 March 2007 have therefore been disclosed based on the reportable segments then in force and are hence not comparable with results for the current year.

5.1.9 Related party disclosure

The related parties of the Bank are broadly classified as:

a) Promoter

The Bank has identified the following entities as its Promoters.

- Administrator of the Specified Undertaking of the Unit Trust of India (UTI-1)
- 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 (Chairman & CEO)

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

c) Joint Venture

- Bussan Auto Finance India 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 2008 are given below.

(Rs. in crores)

Items/Related Party	**Promoter**
Dividend Paid	**54.63**
Interest Paid	**106.10**
Interest Received	**0.05**
Investment of Related Parties in the Bank	**1,903.10**
Purchase / Sale of Investments	**131.18**
Receiving of Services	**13.13**
Rendering of Services	**0.36**

The balances payable to/receivable from the related parties of the Bank as on 31 March 2008 are given below.

(Rs. in crores)

Items/Related Party	**Promoter**
Deposits with the Bank	**2,877.68**
Placement of Deposits	**0.08**
Advances	**0.01**
Investment of Related Parties in the Bank	**152.07**
Guarantees	**39.00**
Investment in Subordinated Debt/Hybrid Capital of the Bank	**260.00**

The maximum balances payable to/receivable from the related parties of the Bank as on 31 March 2008 are given below.

(Rs. in crores)

Items/Related Party	**Promoter**
Deposits with the Bank	**2,857.83**
Placement of Deposits	**1.13**
Advances	**432.98**
Investment of Related Parties in the Bank	**389.00**
Repo Borrowing	**57.52**
Guarantees	**39.00**
Investment in Subordinated Debt/Hybrid Capital of the Bank	**154.32**

The details of transactions of the Bank with its related parties during the year ended 31 March 2007 are given below.

(Rs. in crores)

Items/Related Party	**Promoter**	**Key Management Personnel**	**Related Party to Key Management Personnel**	**Total**
Dividend Paid	42.63	0.05	-	**42.68**
Interest Paid	31.24	0.10	0.03	**31.37**
Interest Received	1.54	0.01	-	**1.55**
Investments	158.02	-	-	**158.02**
Management Contracts	-	3.05	-	**3.05**
Receiving of Services	18.17	-	-	**18.17**
Rendering of Services	0.26	-	-	**0.26**

The balances payable to/receivable from the related parties of the Bank as on 31 March 2007 are given below.

(Rs. in crores)

Items/Related Party	**Promoter**	**Key Management Personnel**	**Related Party to Key Management Personnel**	**Total**
Deposits with the Bank	760.77	2.25	0.58	**763.60**
Placement of Deposits	0.06	-	-	**0.06**
Advances	0.02	0.21	-	**0.23**
Investment of Related Parties in the Bank	121.39	0.13	-	**121.52**
Guarantees	39.00	-	-	**39.00**
Investment in Subordinated Debt of the Bank	334.00	-	-	**334.00**

The maximum balances payable to/receivable from the related parties of the Bank as on 31 March 2007 are given below.

(Rs. in crores)

Items/Related Party	**Promoter**	**Key Management Personnel**	**Related Party to Key Management Personnel**	**Total**
Deposits with the Bank	780.99	2.41	0.59	**783.99**
Placement of Deposits	0.06	-	-	**0.06**
Advances	399.89	0.31	-	**400.20**
Investment of Related Parties in the Bank	121.80	0.14	-	**121.94**
Repo Borrowing	288.50	-	-	**288.50**
Guarantees	39.00	-	-	**39.00**
Investment in Subordinated Debt of the Bank	431.00	-	-	**431.00**

5.1.10 Leases

Disclosure in respect of assets given on operating lease

Operating lease comprises leasing of power generation equipments.

(Rs. in crores)

	31 March 2008	31 March 2007
Gross carrying amount at the beginning of the year	**76.50**	76.50
Accumulated depreciation as at the end of the year	**27.60**	24.18
Accumulated impairment losses as at the end of the year	**12.44**	-
Depreciation for the year	**3.42**	3.42
Impairment losses for the year	**12.44**	-
Minimum lease payments receivable at the end of the year	**-**	1.04
Future lease rentals receivable as at the end of the year:		
- Not later than one year	**3.47**	3.47
- Later than one year and not later than five years	**11.08**	12.48
- Later than five years	**2.07**	4.15

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.

	31 March 2008	31 March 2007
Future lease rentals payable as at the end of the year:		
- Not later than one year	**219.67**	124.14
- Later than one year and not later than five years	**638.97**	340.81
- Later than five years	**381.01**	116.11
Total of minimum lease payments recognised in the profit and loss account for the year	**196.12**	71.19

(Rs. in crores)

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.

5.1.11 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 2008**	31 March 2007
Deferred tax assets on account of provisions for doubtful debts	**205.57**	121.28
Deferred tax assets on account of amortisation of HTM investments	**101.38**	70.96
Deferred tax assets on account of provision for retirement benefits	**16.70**	4.80
Deferred tax assets on account of contingent provision against derivatives	**24.46**	-
Deferred tax liability on account of depreciation and impairment on fixed assets	**(47.82)**	(52.50)
Other deferred tax assets	**18.76**	15.26
Net deferred tax asset/(liability)	**319.05**	159.80

5.1.12 Employee Benefits

Group

Provident Fund

The contribution to the employee's provident fund of the Group amounted to Rs. 22.20 crores for the year ended 31 March 2008 (previous year Rs. 14.01 crores).

Axis Bank Ltd.

Superannuation

The Bank contributed Rs. 7.47 crores to the employee's superannuation plan for the year ended 31 March 2008 (previous year Rs. 9.14 crores).

Leave Encashment

The Bank charged an amount of Rs. 28.11 crores as liability for leave encashment for the year ended 31 March 2008 (previous year Rs. 8.28 crores).

Gratuity

Axis Bank Ltd.

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

Profit and Loss Account

Net employee benefit expenses (reconginsed in employee cost)

(Rs. in crores)

	31 March 2008	31 March 2007
Current Service Cost	3.39	2.23
Interest on Defined Benefit Obligation	1.15	0.71
Expected Return on Plan Assets	(0.87)	(0.62)
Net Actuarial Losses/ (Gains) recognised in the year	5.54	0.43
Past Service Cost	-	-
Losses/(Gains) on "Curtailments & Settlements"	-	-
Total included in "Employee Benefit Expense"	**9.21**	2.75
Actual Return on Plan Assets	0.71	0.75

Balance Sheet

Details of provision for gratuity

(Rs. in crores)

	31 March 2008	31 March 2007
Present Value of Funded Obligations	23.35	14.32
Fair Value of Plan Assets	(17.74)	(11.89)
Present Value of Unfunded Obligations	-	-
Unrecognised Past Service Cost	-	-
Net Liability	**5.61**	2.43
Amounts in Balance Sheet		
Liabilities	5.61	2.43
Assets	-	-
Net Liability	**5.61**	2.43

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

(Rs. in crores)

	31 March 2008	31 March 2007
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	14.32	11.55
Current Service Cost	3.39	2.23
Interest Cost	1.15	0.71
Actuarial Losses / (Gains)	5.37	0.61
Liabilities Extinguished on Curtailment	-	-
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed on Acquisition	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(0.88)	(0.78)
Closing Defined Benefit Obligation	**23.35**	14.32

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

(Rs. in crores)

	31 March 2008	31 March 2007
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	11.89	7.37
Expected Return on Plan Assets	0.87	0.62
Actuarial Gains / (Losses)	(0.17)	0.18
Assets Distributed on Settlements	-	-
Contributions by Employer	6.03	4.50
Assets Acquired due to Acquisition	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(0.88)	(0.78)
Closing Fair Value of Plan Assets	**17.74**	11.89

	31 March 2008	31 March 2007
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 2008	31 March 2007
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	**7.55% p.a.**	8.50 % 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 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 Sales Ltd.

Gratuity

(Rs. in crores)

	31 March 2008
Present Value of Funded Obligations	**0.07**
Fair Value of Plan Assets	**(0.04)**
Present Value of Unfunded Obligations	-
Unrecognised Past Service Cost	-
Net Liability	**0.03**
Amounts in Balance Sheet	
Liabilities	**0.03**
Assets	-
Net Liability	**0.03**

The amount recognised in the statement of profit and loss are as follows:

(Rs. in crores)

	31 March 2008
Current Service Cost	**0.04**
Interest on Defined Benefit Obligation	-
Expected Return on Plan Assets	-
Net Actuarial Losses/ (Gains) Recognised in Year	**0.02**
Past Service Cost	-
Losses/(Gains) on "Curtailments & Settlements"	-
Total included in "Employee Benefit Expense"	**0.06**
Actual Return on Plan Assets	-

Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

(Rs. in crores)

	31 March 2008
<u>**Change in Defined Benefit Obligation**</u>	
Opening Defined Benefit Obligation	**0.01**
Current Service Cost	**0.04**
Interest Cost	-
Actuarial Losses/(Gains)	**0.02**
Liabilities Extinguished on Curtailment	-
Liabilities Extinguished on Settlements	-
Liabilities Assumed on Acquisition	-
Exchange Difference on Foreign Plans	-
Benefits Paid	-
Closing Defined Benefit Obligation	**0.07**

Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(Rs. in crores)

	31 March 2008
<u>**Change in the Fair Value of Assets**</u>	
Opening Fair Value of Plan Assets	**0.04**
Expected Return on Plan Assets	-
Actuarial Gains / (Losses)	-
Assets Distributed on Settlements	-
Contributions by Employer	-
Assets Acquired due to Acquisition	-
Exchange Difference on Foreign Plans	-
Benefits Paid	-
Closing Fair Value of Plan Assets	**0.04**

	31 March 2008
The major categories of plan assets as a percentage of fair value of total plan assets - Insurer Managed Funds	**100.00%**

	31 March 2008
Principal actuarial assumptions at the balance sheet date:	
Discount Rate	**7.95 % p.a.**
Expected rate of Return on Plan Assets	**7.50 % p.a.**
Salary Escalation Rate	**6.00 % p.a.**
Employee Turnover	**30.00 % 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. There has been significant change in expected rate of return on assets due to the improved stock market scenario.

The Company expects to contribute Rs. 300,000 as gratuity in the year 2008-09.

5.1.13 Provisions and contingencies

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

(Rs. in crores)

	31 March 2008	31 March 2007
Opening balance at the beginning of the year	**1.73**	1.00
Additions during the year	**3.47**	0.80
Reductions on account of payments during the year	**(0.25)**	-
Reductions on account of reversals during the year	**-**	(0.07)
Closing balance at the end of the year	**4.95**	1.73

b. Movement in provision for credit enhancements on securitised assets is set out below:

(Rs. in crores)

	31 March 2008	31 March 2007
Opening balance at the beginning of the year	**3.21**	0.67
Additions during the year	**-**	2.54
Reductions during the year	**(0.11)**	-
Closing balance at the end of the year	**3.10**	3.21

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

(Rs. in crores)

	31 March 2008	31 March 2007
Opening provision at the beginning of the year	**0.23**	-
Provision made during the year	**5.89**	0.23
Reductions during the year	**(0.18)**	-
Closing provision at the end of the year	**5.94**	0.23

5.1.14 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 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. 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.

5.1.15 Comparative Figures

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

For Axis Bank Ltd.

P. J. Nayak
Chairman & CEO

P. J. Oza	**N. C. Singhal**	**R. H. Patil**	**R. B. L. Vaish**
Company Secretary	Director	Director	Director

Date: 21 April 2008
Place: Mumbai

I. SCOPE OF APPLICATION

Axis Bank Limited ('the Bank') is a commercial bank, which was incorporated on 3rd December 1993. The Bank is the controlling entity for all group entities that include its two wholly-owned subsidiaries namely Axis Sales Limited and Axis Private Equity Limited.

The consolidated financial statements comprise the financial statements of Axis Bank Limited and two subsidiaries which 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 Bank has also entered into a joint venture agreement and holds an equity investment to the extent of 26% in Bussan Auto Finance India Private Limited, a non-banking financial company. The financials of the joint venture company are not consolidated with the balance sheet of the Bank. The investment in the joint venture is not deducted from the capital funds of the Bank but is assigned risk-weights as an investment.

The Bank does not have any interest in any insurance entity.

II. CAPITAL STRUCTURE

Equity Capital

The Bank has authorised share capital of Rs. 500.00 crores comprising 50,00,00,000 equity shares of Rs. 10/- each. As on 31st March 2008 the Bank has issued, subscribed and paid-up equity capital of Rs. 357.71 crores, constituting 35,77,09,669 number of shares of Rs. 10/- each. The Bank's shares are listed on the National Stock Exchange, the Bombay Stock Exchange, the Ahmedabad Stock Exchange and the Over-The-Counter Exchange of India. The GDRs issued by the Bank are listed on the London Stock Exchange (LSE).

During the year the Bank has raised capital in the form of equity shares through simultaneous offerings in a mix of an overseas offering of follow-on Global Depository Receipts (GDRs), offering by way of Qualified Institutional Placement (QIP) and a preferential allotment of equity shares to the promoters of the Bank. The GDR was priced at nominal discount to the closing price of the Bank's listed GDR on the LSE. Each GDR represents one equity share of the Bank. The QIP and preferential allotment offerings were priced equivalent to the price offered under the GDR offering.

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, the aggregate value of which as on 31st March 2008 was Rs. 398.55 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. 184.55 crores)
Total Perpetual Debt			**Rs. 398.55 crores**

*Converted to INR @ Rs. 40.12 to a US Dollar (prevailing exchange rate as on 31.3.2008)

Upper Tier 2 Capital

The Bank has also raised Upper Tier 2 capital, the aggregate value of which as on 31st March 2008 was Rs. 1,148.38 crores as per the table below.

Date of Allotment	Date of Redemption	Rate of Interest	Amount
11 August 2006	11 August 2021	7.25%	USD 149.80 million* (Rs. 600.99 crores)
24 November 2006	24 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 59.79 million* (Rs. 239.89 crores)
Total Upper Tier 2 Capital			**Rs. 1,148.38 crores**

*Converted to INR @ Rs. 40.12 to a US Dollar (prevailing exchange rate as on 31.3.2008)

Subordinated Debt

As on 31st March 2008, the Bank had an outstanding subordinated debt (unsecured redeemable non-convertible debentures) aggregating Rs. 1,882.40 crores. Of this, Rs. 1,572.90 crores qualified as 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 2008	8.80%	33.00
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 2008	8.40%	33.10
21 December 2002	21 September 2012	8.95%	60.00
26 July 2003	26 April 2009	6.50%	30.00
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
Total			**1,882.40**

Capital Funds

(Rs. in crores)

		Amount
A	**Tier 1 Capital**	**8,826.99**
	Of which	
	- Paid-up Share Capital	357.71
	- Reserves and surplus	8,409.11
	- Innovative Perpetual Debt Instruments	398.55
	- Amount deducted from Tier 1 capital	
	- Investments in subsidiaries	(12.50)
	- Deferred Tax Assets	(319.05)
	- Cash Collaterals against securitisation	(6.83)
B	**Tier 2 Capital (net of deductions) (B.1+B.2+B.3-B.4)**	**3,063.90**
	Of which	
B.1	Debt Capital Instruments eligible for inclusion as Upper Tier 2 capital	
	- Total amount outstanding	1,148.38
	- Of which amount raised during the current year	239.89
	- Amount eligible as capital funds	1,148.38
B.2	Subordinated debt eligible for inclusion in Lower Tier 2 capital	
	- Total amount outstanding	1,882.40
	- Of which amount raised during the current year	-
	- Amount eligible as capital funds	1,572.90
B.3	Other Tier 2 Capital - Provision for Standard Assets	361.95
B.4	Deductions from Tier 2 Capital	
	- Investments in subsidiaries	(12.50)
	- Cash Collaterals against securitisation	(6.83)
C	**Total Eligible Capital**	**11,890.89**

III. CAPITAL ADEQUACY

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 31st March 2008 is presented below.

(Rs. in crores)

		Amount
A	Capital requirements for Credit Risk	
	- Portfolios subject to standardised approach	6,433.96
	- Securitisation exposures	10.41

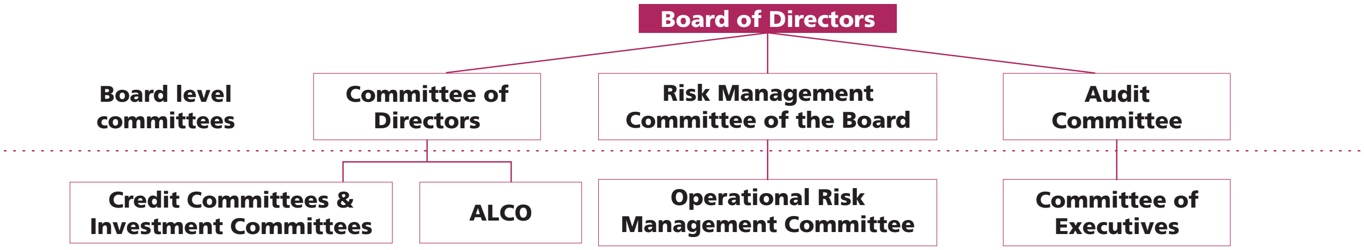
B	Capital requirements for Market Risk	934.43
	- Standardised duration approach	
	- Interest rate risk	831.10
	- Foreign exchange risk (including gold)	19.95
	- Equity risk	83.38
C	Capital requirements for Operational risk	
	- Basic indicator approach	270.31
D	Capital Adequacy Ratio of the Bank (%)	13.99
E	Tier 1 CRAR (%)	10.39

RISK MANAGEMENT: OBJECTIVES AND ORGANISATION 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, Asset-Liability Committee (ALCO) and Operational Risk Management Committee (ORMC) operate within the broad policy framework as illustrated below.

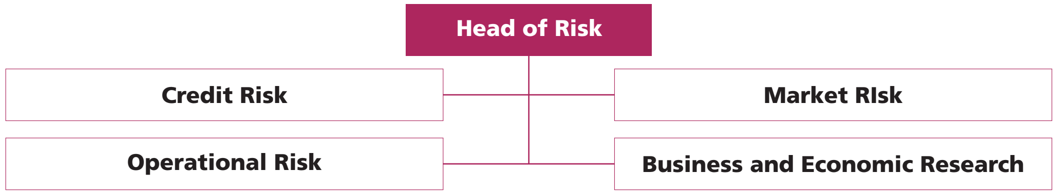


The Bank has also formulated a global risk policy for overseas operations and a country specific risk policy for its Singapore, Hong Kong and Dubai branches. The policies were drawn based on the risk dimensions of dynamic economies and the Bank's risk appetite.

The Bank has formulated a comprehensive Stress Testing policy to measure impact of adverse stress scenarios on the adequacy of capital.

Structure and Organisation

Risk Management Department reports to the Executive Director (Corporate Strategy) and Risk Management Committee of the Board oversees the functioning of the Department. The Department has four separate teams for Credit Risk, Market Risk, Operational Risk and Business and Economic Research and the head of each team reports to the head of the department.



IV. 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 Board of Directors establishes the parameters for risk appetite, which is defined quantitatively and qualitatively in accordance with the laid-down strategic business plan. This is dovetailed in the process through a combination of governance structures and credit risk policies, control processes and credit systems embedded in a Credit Risk Management Framework (CRMF). The foundation of CRMF rests on the rating tool.

Scope and Nature of Risk Reporting and Measurement Systems

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)

Credit risk in respect of exposures on corporate and micro and small and medium enterprises (MSME) is measured and managed at individual transaction level as well as portfolio level. In the case of schematic SME exposures, the credit risk is measured and managed at the portfolio level as the products are score card driven. Credit rating tools are an integral part of risk-assessment of the corporate borrowers and the Bank has developed different rating models for each segment that has distinct risk characteristics viz. Large corporates, MSME, small traders, financial companies, micro-finance institutions, project finance etc.

The Bank's continuing aggressive foray in retail banking has resulted in a sharp build-up in the retail asset portfolio. The key challenge for a healthy retail asset portfolio is to ensure stable risk adjusted earnings stream by maintaining customer defaults within acceptable levels. The Bank periodically carries out a comprehensive portfolio level analysis of retail asset portfolio with a risk-return perspective. Risk measurement for the retail exposures is done on basis of credit scoring models. During the year, the Bank has initiated a project to revamp its existing credit scoring models for retail assets with external support from a reputed international vendor and has initiated designing of application, behavioural and collection scorecards.

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 segment 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.

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.

The other guiding principles behind Credit Risk Management Framework are stated below.

Credit Sanction and related processes

- '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 minimise the potential loss to the Bank.

Concentration Risk

The Bank controls and limits concentration risk by means of appropriate structural limits and borrower limits based on creditworthiness. These include:

<u>Large exposures to individual clients or group</u>

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 advance.
- 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. The Bank also monitors the rating-wise distribution of its borrowers.

<u>Industries</u>

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). 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, which ranges from SME1 to SME 8. The Bank has separate rating tools for financial companies and schematic SME 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.

The Bank classifies an account as an NPA only if the interest imposed during any quarter is not fully repaid within 90 days from the end of the relevant quarter.

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 recognised in the profit and loss account.

CREDIT RISK EXPOSURES

Total Gross Credit Risk Exposure Including Geographic Distribution of Exposure

(Rs. in crores)

	Domestic	Overseas	Total
Fund Based	86,783.69	6,139.99	92,923.68
Non Fund Based *	19,952.61	265.86	20,218.47
Total	**106,736.30**	**6,405.85**	**113,142.15**

* Non-fund based exposures are guarantees given on behalf of constituents and acceptances and endorsements.

Distribution of credit risk exposure by industry sector

(Rs. in crores)

S. No.	Industry Classification	Amount	
		Fund Based	Non Fund Based
1.	Mining	135.91	97.82
2.	Iron and Steel	1,397.20	700.83
3.	Other Metal and Metal Products	409.63	281.62
4.	All Engineering	1,032.99	572.43
5.	Electricity	935.90	561.16
6.	Cotton Textiles	2,124.88	189.74
7.	Jute Textiles	6.79	2.15
8.	Other Textiles	652.38	42.43
9.	Sugar	704.64	23.91
10.	Tea	141.79	2.91
11.	Food Processing	801.26	41.17
12.	Vegetable Oil and Vanaspati	506.48	749.71
13.	Tobacco and Tobacco Products	343.56	5.61
14.	Paper and Paper Products	372.75	35.27
15.	Rubber and Rubber Products	53.29	17.13
16.	Chemicals, Dyes, Paints etc.	1,337.32	498.69
17.	Cement	881.89	231.02
18.	Leather and Leather Products	90.83	5.77
19.	Gems and Jewellery	816.23	7,990.35
20.	Construction	3,491.91	106.46
21.	Petroleum	624.34	678.39
22.	Automobiles including trucks	1,217.08	156.57
23.	Computer Software	757.42	175.60
24.	Infrastructure	4,178.13	2,638.03
25.	NBFCs & Trading	12,619.95	2,002.62
26.	Other Industries	13,277.32	2,399.41
27.	Residual exposures to balance the total exposure	44,011.81	11.67
Total		**92,923.68**	**20,218.47**

As on 31st March 2008 the Bank's exposure to the industries stated below was more than 5% of the total gross credit exposure:

S. No.	Industry classification	Percentage of the total gross credit exposure
1.	Infrastructure	6%
2.	Gems and Jewellery	8%
3.	NBFCs and Trading	13%

Residual Contractual Maturity breakdown of Assets

(Rs. in crores)

Maturity bucket	Cash, balances with RBI and other banks	Investments	Advances	Other assets including fixed assets
1day	2,166.21	564.39	745.63	-
2 to 7 days	1,299.85	1,692.28	1,518.74	230.47
8 to 14 days	488.31	1,200.48	550.81	173.90
15 to 28 days	649.87	2,821.79	713.04	851.19
29 days to 3 months	1,799.22	4,884.78	2,963.36	-
3 to 6 months	976.10	3,157.22	2,709.54	-
6 to 12 months	1,312.78	4,913.26	6,218.47	-
1 to 3 years	2,023.83	5,176.20	7,698.98	-
3 to 5 years	80.72	2,254.81	8,944.38	-
Over 5 years	1,707.35	7,039.89	27,598.19	2,451.80
Total	**12,504.24**	**33,705.10**	**59,661.14**	**3,707.36**

Movement of NPAs and Provision for NPAs

(Rs. in crores)

		Amount
A	Amount of NPAs (Gross)	494.61
	- Substandard	309.68
	- Doubtful 1	75.77
	- Doubtful 2	56.22
	- Doubtful 3	5.72
	- Loss	47.22
B	Net NPAs	248.29
C	NPA Ratios	
	- Gross NPAs to gross advances (%)	0.83
	- Net NPAs to net advances (%)	0.42
D	Movement of NPAs (Gross)	
	- Opening balance as on 1.4.2007	418.67
	- Additions	384.21
	- Reductions	(308.27)
	- Closing balance as on 31.3.2008	494.61

E	Movement of Provision for NPAs	
	- Opening balance as on 1.4.2007	152.34
	- Provision made in 2007-08	248.43
	- Write - offs	(154.45)
	- Write back of excess provision	-
	- Closing balance as on 31.3.2008	246.32

NPIs and movement of provision for depreciations on NPIs

(Rs. in crores)

		Amount
A	Amount of Non-Performing Investments	8.96
B	Amount of provision held for non- performing investments	8.96
C	Movement of provision for depreciation on investments	
	- Opening balance as on 1.4.2007	85.66
	- Provision made in 2007-08	6.54
	- Write - offs	-
	- Write - back of excess provision	-
	- Closing balance as on 31.3.2008	92.20

V. Credit Risk: Use of Rating Agency under the Standardised Approach

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 are 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 recognised 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:

(Rs. in crores)

	Amount
Below 100% risk weight	60,713.14
100% risk weight	42,076.33
More than 100% risk weight	10,352.68
Deductions	
- Investments in subsidiaries	(25)

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, gold and equity shares, while the 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).

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 a 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 has a valuation policy that covers processes for collateral valuation and empanelment of valuers.

Under the Standardised Approach, the total credit exposure covered by eligible financial collaterals after application of haircuts as on 31st March 2008 were Rs. 7,802.63 crores.

VII. SECURITISATION

The primary objectives for undertaking securitisation activity by the Bank are enhancing liquidity, optimisation 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 standardised approach prescribed by the RBI for the securitisation activities.

Gain on securitisation is recognised 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.

As on 31st March 2008, the Bank has no retained exposure on securitisation transactions originated by it. All transfers of assets under securitisation were effected on true sale basis. In the financial year ended 31st March 2008, the Bank has securitised Rs. 3,201.95 crores as an originator.

Details of exposure securitised by the Bank and subject to securitisation framework

(Rs. in crores)

S.No.	Type of Securitisation	Amount
1.	Impaired/past due assets securitised	-
2.	Losses recognised by the Bank during the current period	-
	- Personal Loan portfolio	1.26
	- Commercial Vehicle portfolio	4.18

Aggregate amount of securitisation exposures retained or purchased as on 31st March 2008 is given below

(Rs. in crores)

S.No.	Type of Securitisation	Amount
1.	Retained	-
	- Personal Loans	0.84
2.	Securities purchased	
	- Corporate Loans	49.96
	- Retail Auto Loans	479.86
3.	Liquidity facility	-
4.	Credit enhancement	13.66
5.	Other commitments	-

Risk weight wise bucket details of the securitisation exposures on the basis of book value

(Rs. in crores)

	Amount
Below 100% risk weight	530.66
100% risk weight	-
More than 100% risk weight	-
Deductions	
- Entirely from Tier I capital	-
- Credit enchasing I/Os deducted from Total Capital	-
- Credit enhancement (cash collateral)	13.66

Comparative position of two years of the portfolio securitised by the Bank is given below

(Rs. in crores)

S.No.	Type of Securitisation	2008	2007
1.	Total number of loan assets securitised		
	- Corporate Loans	19	2
2.	Total book value of loan assets securitised		
	- Corporate Loans	3,201.95	547.16
3.	Sale consideration received for securitised assets	3,209.79	550.09
4.	Gain / loss on sale on account of securitisation	7.84	2.93
5.	Form and quantum (outstanding value) of service provided		
	- Credit enhancement	13.66	15.51
	- Outstanding servicing liability	0.54	0.54
	- Liquidity support	-	-

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 or 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. The Bank uses various risk metrics, both statistical and non-statistical, including:

Non-statistical measures like position, gaps and sensitivities (duration, PVBP, option greeks)
Value at risk (VaR)

The VaR methodology adopted by the Bank for its VaR calculation is Historical Simulation and variants thereof, and is calculated at a 99% confidence level for a one-day holding period. The model as with many other VaR models 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 also supplemented by a series of stress scenarios and sensitivity tests that shed light on the behaviour of a portfolio and the impact of extreme market movements. Expected Tail Loss (ETL) or Conditional Value at Risk (CVaR) is one of the concepts used to devise stress scenarios.

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 for each of the market risk exposures i.e. interest rate, exchange rate and equity price risk. 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.

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. Similarly PV01 for interest rate swaps have been allocated to various benchmarks. Where such allocation may not have been undertaken, the Bank continues to monitor the position closely for any possible concentrations.

Liquidity Risk

Liquidity risk arises in any bank's general funding of its activities. As part of the liquidity management contingency planning, the Bank assesses potential trends, demands, events and uncertainties that could reasonably result in adverse liquidity condition. The Bank considers the impact of these potential changes on its sources of short term funding and long term liquidity planning. The Bank's ALM policy defines the gap limits for the structural liquidity and the liquidity profile of the Bank is analyzed on a static basis as well as on a dynamic basis by tracking all cash inflows and outflows in the maturity ladder based on the expected occurrence of cash flows. 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 draw-down of unavailed credit limits are also captured through behavioural studies. The liquidity profile of the Bank is 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 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, 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.

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 ratings of countries are being undertaken at monthly intervals or at more frequent intervals if the situation so warrant i.e. in case of a significant change in the condition of a country involving sharp deterioration of its ratings. 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 the exposure limits are monitored at weekly intervals except for those on high, very high categories through approval from appropriate authorities at the transaction level.

Risk Management framework for overseas operations

The Bank has opened branches in Singapore, Hong Kong, and Dubai. The Bank has put in place a comprehensive Risk Management Policy for its global operations and has also formulated country-specific risk policy for these operations based on the host country regulators' guidelines. The Asset Liability Management and all the risk exposures for the overseas operations are monitored centrally by implementing sound systems and controls, and also by adopting the norms as specified by the regulators in the host country.

Capital Requirement for Market Risk

(Rs. in crores)

	Amount of Capital Required
- Interest rate risk	831.10
- Equity position risk	83.38
- Foreign exchange risk (including gold)	19.95

IX. OPERATIONAL RISK

Strategies and Processes

The Bank has initiated several measures to manage operational risk through identification, assessment and monitoring. Simultaneously, a framework has been laid to capture loss data which can be mapped to operational risk events to measure the impact quantitatively. 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 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 and IT Security Committee.

The Bank is further enhancing its capability for effective management of operational risk with the implementation of a software solution (OR Monitor) which will create 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 Organisation

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.

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 shall be 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. 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. 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 then 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 31st March 2008. The Bank is also ready for compilation of capital charge for operational risk under the Standardised Approach. However, the Bank is in the process of putting in place the structure for identifying gaps in internal controls across the entire Bank. A model for the same has been developed using the OR software and tested on Retail Liabilities. Simultaneously, the Bank is preparing itself for migration to the Advanced Measurement Approach.

X. INTEREST RATE RISK IN THE BANKING BOOK

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. While basis risk is presently ignored, it will be incorporated in future analyses. Cash flows would be assumed to occur at the middle of the regulatory buckets (as specified by RBI for DSB9) for the interest rate sensitive gap statements. 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, 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 are given below:

Earnings Perspective

(Rs. in crores)

Country	Interest Rate Shock	
	0.50%	**(-) 0.50%**
India	(15.41)	15.41
Overseas	7.34	(7.34)
Total	**(8.07)**	**8.07**

Economic Value Perspective

(Rs. in crores)

Country	Interest Rate Shock	
	0.50%	**(-) 0.50%**
India	(508.12)	525.01
Overseas	14.11	(14.73)
Total	**(494.01)**	**510.28**

LIST OF BRANCHES AND EXTENSION COUNTERS
AS ON MAY 5, 2008

ANDAMAN & NICOBAR ISLANDS (U.T.)

PORT BLAIR
Middle Point

ANDHRA PRADESH

ALAMURU
Mandapeta to Alamuru Road

ANANTAPUR
Saptagiri Circle, Subhash Road

BAPATLA
Radam Bazar, Car Street

CHILLAKALLU
Jaggayyapeta Road, Main Bazar

CHINNAMIRAM
J.P. Road, Venkatrajunagar

CHITTOOR
Prakasam High Road

EDARAPALLI
Near RTC Complex

GAJUWAKA
NH-5, Old Gajuwaka

GUDIVADA
Eluru Road

GUNTUR
P.R. Raju Plaza, Naaz Centre

HYDERABAD
A.S. Rao Nagar, Kapra
Ashok Nagar, Udit Chambers
Banjara Hills, Alcazar Plaza
Chandanagar, Hemadurga -
(Sharada Galaxy)
Charminar, Gulzar House -
(Balala Estate)
Dilsukhnagar, Moosarambagh
Humayun Nagar -
(AP Khadi & Village Industries Board)
Hyderabad, Begumpet Road
Commercial Tax Office -
(Extension Counter , Nampally)
Vanenburg IT Park -
(Extension Counter, Madhapur)
Jubilee Hills, (Opp. Bharatiya
Vidhya Bhavan Public School)
Kukatpally, Dharmareddy Colony
Madhapur, Hitech City
Sanjeeva Reddy Nagar, 257/3 RT
Secunderabad, Rashtrapati House
Srinagar Colony, Main Road
Tarnaka, Opp. Railway Degree College
Service Branch, Hyderabad - Begumpet
Service Branch/CPC, Hyderabad -
(Necklace Road)

JANGAREDDIGUDEM
Eluru Road

KAKINADA
Subhash Road, Suryaraopet

KARIMNAGAR
Mukarrumpura

KHAMMAM
Vyra Road

KURNOOL
R.S. Road

MACHILIPATNAM
Kennady Road, Jagannadapuram

MIRYALGUDA
Sagar Road

NANDYAL
RS Road

NARASARAOPET
Arundelpet, Bank Street

NELLORE
G T Road, Near RTC Depot

NIZAMABAD
Hyderabad Road

ONGOLE
Trunk Road, Bhagya Nagar

PAIDIPARRU
Tadepalligudem Road

POOLAPALLE
Palakole-Bhimavaram Road

PRODDATUR
Sundaracharlu Street

RAJAHMUNDRY
Vygram Road, T. Nagar

SRIKAKULAM
Palakonda Road, Near Krishna Park

TENALI
Prakasam Road

VIJAYAWADA
One Town, KT Road, Kothapet
Ring Road, Near Benz Circle
Service Branch/CPC -
(Vijayawada - Benz Circle)

VISAKHAPATNAM
MVP Colony, Sector 10
Ram Nagar, Waltair Main Road
Visakhapatnam, Dwaraka Nagar

VIZIANAGARAM
MG Road

WARANGAL
Chowrastra, Station Road

ARUNACHAL PRADESH

ITANAGAR
E Sector, Teli Plaza NH 52A

ASSAM

BONGAIGAON
Chapaguri Road

DIBRUGARH
Opp. Head Post Office, RKB Path

GUWAHATI
Dispur, G.S. Road
Fancy Bazar, SS Road
Paltan Bazar, A.T. Road

JORHAT
A.T. Road, Chowkbazar

NAGAON
AT Road, Haibargaon

SILCHAR
Shyama Prasad Road, Shillong Patty

TEZPUR
SC Road

TINSUKIA
Chirwapatty Road

BIHAR

BETTIAH
Supriya Road

BHAGALPUR
Patal Babu Road

GAYA
North Church Road

MUZAFFARPUR
Club Road, Kalyani

PATNA
Boring Road
Patna, SP Verma Road

CHANDIGARH (U.T.)

CHANDIGARH
Sector 35-B
Madhya Marg, Sector 8C
Sector 17
Service Branch/CPC, Chandigarh -
(Sector 34 A, SCO 134, 135)
Service Branch/CPC, Chandigarh -
(Sector 34 A, SCO 20-21-22)

MANIMAJRA
Chandigarh-Shimla Road

CHHATISGARH

AMBIKAPUR
Benaras Chowk
BHILAI
Uttar Gangotri, Supela Chowk
BILASPUR
New Bus Stand
DURG
GE Road, Ganjpara
KORBA
Power House Road
RAIGARH
Jagatpur
RAIPUR
Jeevan Bima Marg, Pandri
Tagore Nagar, Pachpedi Naka
RAJNANDGAON
Sahdeo Nagar, GE Road

DAMAN & DIU (U.T.)

DAMAN
Teen Batti, Nani Daman

DELHI

DELHI
New Delhi, Barakhamba Road
Ministry of Defence Extension Counter - (E Block, DHQ PO)
Ministry of Urban Development - (Extension Counter, Nirman Bhavan, Maulana Azad Road)
Ashok Vihar, Phase I
Chandni Chowk, (Coronation Hotel Building)
Chittaranjan Park, Raisina Bengali School
Daryaganj, Netaji Subhash Marg
Defence Colony, D 81
Dwarka, HL Arcade, Sector 5 (MLU)
East of Kailash, D-70A
Greater Kailash - I (E-64)
Greater Kailash - II (S-266)
Green Park Market, K-12
Hauz Khas, NIFT Campus
Janakpuri, C3/21
Karkardooma, Community Centre
Karol Bagh, Padam Singh Road
Khan Market, 2A & 2B
Kirti Nagar, F-43
Krishna Nagar, F-2/25
Lajpat Nagar, B-6
Lok Vihar, Pitampura
Malviya Nagar, D-81
Mayur Vihar, LSC, Phase II
Meera Bagh, A-356
Model Town III, G-06
Najafgarh, Main Road
Naraina Vihar, E-9
Palam Village
Paschim Vihar, B-2/11
Pitampura, DP Block
Punjabi Bagh, West Avenue Road
Rajinder Nagar, Old Rajinder Nagar Market
Rajouri Garden, Vishal Enclave
Shadley Public School Extension Counter - (Press Colony, G8 Road, Rajouri Garden)
Rohini (Community Centre DC Chowk, Sector 9)
Saket, E-146
Sector- 7, Rohini
Shakti Nagar, Indra Chand Shastri Marg
Shalimar Bagh, AM 196
Swasthya Vihar, Vikas Marg
Tilak Nagar, Nazafgarh Road
Vasant Kunj, Nelson Mandela Road
Vasant Vihar, Basant Lok Complex
Vikaspuri, G12-A
Service Branch, New Delhi - (Parliament Street)
Service Branch/CPC, New Delhi - (Asaf Ali Road)
Service Branch/CPC, Vikaspuri - J-3

GOA

CANDOLIM
Murrod Vaddo
MAPUSA
Near Aldona Bus Stand, Angod
MARGAO
Padre Miranda Road
PANJIM
Dr. Atmaram Borkar Road
VASCO
Heritage, Swatantra Path

GUJARAT

AHMEDABAD
Asarwa, Civil Campus
Ellis Bridge, Law Garden - (Office of Commissioner of Sales Tax Extension Counter, Ashram Road)
Maninagar, Krishna Baug Char Rasta
Naranpura, Ankur Road
Relief Road, Patthar Kuva
S.G. Highway, Balleswar Avenue
Shahibaug, Police Commissioner Road
Vastrapur, Near Swaminarayan Mandir
Vejalpur, Prahaladnagar, Satellite
Service Branch, Ahmedabad - (Opp. Samartheshwar Temple)
AMRELI
Near Nagnath Temple
ANAND
Subhash Road
ANKLESHWAR
Near Ankleshwar Industrial Association, GIDC
ATUL
Atul Complex, Opp. Post Office
BARDOLI
Sardar Baug
BHARUCH
Old NH No. 8
BHAVNAGAR
Waghawadi Road
DAHOD
Station Road
DEESA
Railway Station Road
GANDHIDHAM
Sector 12 B,
Service Branch/CPC, Gandhidham - (Ward No. 12/B)
GANDHINAGAR
Sector 16, (Gandhinagar Milk Consumers Co-op Union Ltd.)
GAWLI PALASIA
Agra Bombay Road
GODHRA
Bhagwat Nagar, Prabha Road
HIMATNAGAR
Opp. Civil Hospital
JAMNAGAR
Pandit Nehru Marg
JUNAGADH
N.K. Mehta Road, Moti Baug
KALOL
Vakharia PJ High School Campus
MADHAPAR
Near Panchayat Office
MEHSANA
Near Nagalpur College, Highway Road

MUNDRA
New Port Users Building,
(Mundra Port & SEZ Ltd.)
NADIAD
Sheth Mahagujarat Hospital -
(College Road)
NAVSARI
Navsari Gandevi Road
PALANPUR
Movie World Building, College Road
PATAN
Opp. GPO, Station Road
PORBANDAR
MG Road
RAJKOT
Rajkot (Kalawad Road, Near KKV Circle)
Shastri Maidan
RAJPIPLA
Station Road
SURAT
Adajan, Anand Mahal Road
Surat, Ghod Dod Road
Textile Market, Umarwada, Ring Road
SURENDRANAGAR
S. T. Road
VADODARA
Karelibaug, VIP Road
Manjalpur, Aditi School,
(Opp. Indira Complex)
Nizampura, Nizampura Main Road
Race Course Circle North
Sayajigunj, (Opp. Panchmukhi Hanuman
Temple, Tilak Road)
Service Branch/CPC, Vadodara -
(Gautam Nagar)
VALLABH VIDYANAGAR
Mota Bazar
VALSAD
Halar Road
VAPI
GIDC, Near Koparli Road
VERAVAL
Nr. Tower Chowk, Rajmahal Road
VISNAGAR
Gunz Bazar Road

HARYANA

AMBALA
JLN Marg, Jagadri Road
BAHADURGARH
Nehru Park, Chowri Gali
BHIWANI
Circular Road, Baba Nagar
FARIDABAD
Ballabhgarh, Sector 7
Faridabad, 1-2 Chowk, N.I.T.
FATEHABAD
Mauz Bast Bhivan, Karan Plaza
GURGAON
DLF City, Galleria Shopping Mall
RITES Ltd. Office Complex (Extension
Counter, Sector-29, Plot No.1)
Gurgaon, Nr. HUDA House
MG Road, Mega City Mall
Service Branch/CPC, Gurgaon -
(Opp. HUDA House)
HISSAR
Commercial Urban Estate
KAITHAL
Ambala Road
KARNAL
Mall Road
KURUKSHETRA
Railway Road
PALWAL
Delhi Agra Bye Pass Road
(Near Rasulpur Chowk)
PANCHKULA
SCO 10, Sector 10
PANIPAT
G.T. Road
REWARI
Circular Road
ROHTAK
Delhi Road
SADAURA
Opposite DAV Public School
SIRSA
Sangwan Chowk, Dabwali Road
YAMUNANAGAR
Mela Singh Chowk

HIMACHAL PRADESH

BADDI
Sai Road, Fauzi Complex
SHIMLA
Commercial Complex, Kasumpti

JAMMU & KASHMIR

JAMMU
Rail Head Complex
Service Branch/CPC Jammu, Gandhi Nagar

JHARKHAND

BOKARO
Western Avenue, Bokaro Steel City
DEOGHAR
Seth Surajmal Jalan Road, Caster Town
DHANBAD
Shri Ram Plaza, Bank More
GIRIDIH
Raja Bangal, Main Road
HAZARIBAGH
NH33, Opp. Civil Court
JAMSHEDPUR
Bistupur, Near Ram Mandir
Sakchi, 1 Sand Line Road
RAMGARH
Main Road, Ramgarh Cantt
RANCHI
Main Road, Albert Ekka Chowk

KARNATAKA

ATHNI
Inamdarpet
BAGALKOT
Extension Area Road, Nagappana Katte
BANGALORE
Banashankari, CT Bed Extension
Bangalore, MG Road
Basaveswarnagar, 80 Feet Road
Chamarajapet, 5th Main Road, 6th Cross
Cox Town, Wheeler Road
Indiranagar, HAL II Stage
J.P. Nagar, Bannaragatta Main Road
Jayanagar, 30th Cross, 4th Block
Koramangala, Industrial Layout, 7th Block
NIFT (HSR Layout) Extension Counter
Malleswaram, Sampige Road
Marathahalli, Varthur Main Road
Peenya, NH 4
R.T. Nagar Main Road, Main Market
Rajajinagar, Saptharshidhama
Sahakaranagar, Bellary Road
Vijayanagar, West of Chord Road
Whitefield, First Technology Place
Yelahanka, New Town
Service Branch, Bangalore, KH Road
Service Branch/CPC, Bangalore -
(Cauvery Bhavan, KG Road)
BELGAUM
Congress Road, Tilakwadi

BELLARY
Main Road, Parvathi Nagar
BIDAR
B.V.B. College Road, Gandhi Gunj
BIJAPUR
MG Road
CHICKMAGALUR
Basavanahalli Main Road
DAVANGERE
P.B. Road, Onkarappa Lane
GADAG
J.T Mutt Road, Near General Hospital
GOKAK
Bus Stand Road
GULBARGA
Super Market
HASSAN
B M Road
HOSPET
College Road
HUBLI
Dharwad, Near Toll Naka
Main Road, Deshpandenagar
Service Branch/CPC, Hubli -
(Desai Cross - Deshpande Nagar)
JAMKHANDI
Kudachi Road, Opp. Tennis Court
KARWAR
Green Street
MANGALORE
Bunts Hostel Circle
Mangalore Chemical & Fertilizers Ltd. -
(Penambur Extension Counter)
MYSORE
Kuvempunagar- Vishwamanava -
(Double Road)
Mysore - Temple Road, VV Mohalla
Service Branch/CPC, Mysore
(Kantharaj Urs Road, Saraswathipuram)
RAICHUR
Station Road
SAIDAPUR
Mahalingapura SO
SHIMOGA
JPN Road, 1st Cross
SINDHNUR
Venkatesh Nagar, Gangavathi Road

TUMKUR
B.H. Road
UDUPI
Near Diana Circle

KERALA

ALAPPUZHA
Cullen Road, Mullackal Junction
ALUVA
Palace Road, Opp. St. Francis High School
CALICUT (KOZHIKODE)
YMCA Cross Road
Service Branch/CPC, Calicut
(YMCA Cross Road, 1st floor)
KANNUR
Muneeswarankoil Road
KASARGOD
Bank Road
KOCHI
Rajaji Road, Ernakulam
Wellingdon Island, Bristow Road
KOLLAM
Asramam Road, Chinnakada
KOTTAYAM
M.C. Road, Near YWCA
MALAPPURAM
Down Hill
PALAI
Near Municipal Bus Stand
PALAKKAD
English Church Road
PATHANAMTHITTA
General Hospital Road
THIRUVANANTHAPURAM
M.G. Road, Pattom
Salvation Army India (South-Western
Territory Extension Counter
Kowdiar-Kuravanconam Rd)
THODUPUZHA
Opp. Mini Civil Station
THRISSUR
City Centre, Round West
TIRUVALLA
M.C. Road

MADHYA PRADESH

BHOPAL
Bittan Market, Arera Colony
Koh-e-Fiza, Airport Road
M.P. Nagar
DEWAS
A. B. Road
GWALIOR
Shrimant Madhavrao Scindia Marg
HOSHANGABAD
Sadar Bazar, Meenakshi Chowk
INDORE
Annapoorna, Mishra Nagar
Sapna Sangita Road, Sneh Nagar Main Road
Vijayanagar, Scheme No. 54
Yeshwant Niwas Road
JABALPUR
Napier Town, Shastri Bridge Chowk
KATNI
Opposite Old Collectorate
MANDSAUR
Greater Kailash Hospital Road
NEEMUCH
Vijay Talkies Compound
RATLAM
Opp. DRM Office, Do Batti
REWA
Pilikothi Road
SAGAR
Civil Lines, Near VC Bunglow
SATNA
Rewa Road
UJJAIN
Dewas Road
VIDISHA
Subhash Road

MAHARASHTRA

AHMEDNAGAR
Tilak Road
AMRAVATI
Near Jaistambh Chowk
AURANGABAD
Adalat Road
BARAMATI
Bhigwan Road
BHIWANDI
Bhiwandi-Kalyan Road
CHAKAN
Nr Mahatma Phule Market Yard
CHANDRAPUR
Civil lines, Next to DCC
DEVALALI (NASHIK)
Umrao Plaza (43 Field Regiment -
Extension Counter)

DHULE
Main Market, Lalbaug
DINDORI
Nashik-Kalwan Road
(Near Manbhari Cloth Centre)
DOMBIVLI
Cross Phadke Road
ICHALKARANJI
Ichalkaranji Co-op Estate, Kolhapur Road
ILANJI
Meenatchi Nagar, Kurtalam Madurai Road
ISLAMPUR
Near Asta Naka
JALGAON
M G Road, Patel Plaza
JALNA
Head Post Office Road
KALYAN
Bail Bazar
KOLHAPUR
Sykes Extension Rajaram Road
LASALGAON
Lasalgaon-Vinchur Road
LATUR
Ausa Road
MIRA-BHAYANDER
Bhayander (East), Navghar Road
Mira Road (East), Station Road
MUMBAI
Andheri (East), Andheri-Kurla Road
Andheri (West), Lokhandwala Complex
Nanavati Hospital (Vile Parle - East -
Extension Counter, SV Road)
Bandra (W), Turner Road
UTI Tower (BKC) Extension Counter -
(Bandra-East)
Bandra - Kurla Complex, Bandra - East
Bhandup - West, LBS Marg
Borivali (West), Sodawalla Lane
St. Francis High School Extension Counter -
(IC Colony, Laxman Mhatre Road)
Borivali - East, Kulupwadi
(Western Express Highway)
Byculla, Opp. JJ Hospital
Chembur, Sandu Garden Corner
Crawford Market, Lokmanya Tilak Marg
Cuffe Parade (G. D. Somani Memorial
School, Colaba)
Dadar East, Opp. Dadar Central Rly. Stn.
Fort (Mumbai), Sir. P. M. Road
Ghatkopar - East (Jn. of R. B. Mehta Marg
& Vallabh Baug Lane)
Goregaon (East), Sonawala Road
Goregaon (West), SV Road
Goregaon-Malad Link Road
Kandivali (East),Thakur Complex -
(Western Express Highway)
Kandivali (West), Mahavir Nagar
Khar (West), Main Linking Road
Lamington Road, Grant Road (East) -
(Dr. BD Marg)
LBS Marg (Mulund-West)
Malad, S.V. Road
MIDC, Andheri (East),
(Mahakali Caves Road)
Mulund West, Zaver Road
Napean Sea Road, Monolith Building
Nariman Point, Atlanta
New Marine Lines, Sir V Thackersey Marg
Powai, Hiranandani Business Park
Shivaji Park, Veer Savarkar Marg
Sion (East), Vijay Sadan
Springfields (PB Branch) Andheri West -
(Lokhandwala Complex)
Thakur Village, Kandivali East
Vile Parle (East), Subhash Road
Vile Parle (West),10th Road
Worli, Dr. Annie Besant Road
Worli (Naka), Atur Park, Dr. Annie Besant Road
Service Branch (Fort) -
(Janmabhoomi Bhavan)
Service Branch, Chembur -
(Corporate Park)
Service Branch/CPC, Andheri -
(Saki Vihar Road)
Service Branch/CPC, Mumbai (Chembur) -
(Sion-Trombay Road)
NAGPUR
Lakadganj, Central Avenue Road
Madhav Nagar, South Ambazari Road
Nagpur, Rabindranath Tagore Road
NALASOPARA
LIC Housing Finance Ltd, Shripal Plaza -
(Nalasopara West)
NANDED
Vazirabad - Bus Stand Road
NASHIK
Nashik, Sharanpur Road
Nashik Road, Anand Commerce Centre
NEW BOMBAY
Kharghar, Sector 4
Nerul (West), Sector 44
Sanpada East, Off. Palm Beach Road
Vashi, Vardhaman Chambers Premises CSL
PANVEL
Shivaji Chowk
New Panvel, SC Marg
PIMPALGAON
Opp. S.T. Bus Depot, Mumbai-Agra Road
PIMPRI CHINCHWAD
Station Road, Chapekar Chowk
PUNE
Baner, S Mart
Bundgarden, Dhole Patil Road
Hadapsar, Pune-Solapur Highway
Jangli Maharaj Road
(Nr. Deccan Gymkhana)
Kalyani Nagar, Vadgaonsheri
Kothrud, Infotech House
Pune (Camp), Gen. Thimayya Road
Sahakar Nagar, Shahu College Road
Senapati Bapat Marg
Wanawadi, Sacred Heart Town
Service Branch - Pune -
(Shankersheth Road)
Service Branch/CPC, Pune -
(Bhandarkar Road)
RATNAGIRI
M.D. Naik Road
SANGLI
Ambrai Road, Azad Chowk
SATARA
G D Tapase Marg, Bhosale Marg
SOLAPUR
Dufferin Chowk, Railway Lines
TASGAON
Guruwar Peth
THANE
Hiranandani Estate, Patlipada -
(Ghodbunder Road)
LBS Marg, Naupada, Thane - West
Manpada,Chitalsar, Thane -West
Utalsar Naka, L.B.S. Marg, Thane - West

ULHASNAGAR
Near Sapna Garden
VASAI
Near Navghar Bus Depot, Vasai West
VIRAR
Agashi Road, Virar (West)
YAVATMAL
Azad Maidan Road

MEGHALAYA

SHILLONG
Jail Road

MIZORAM

AIZAWL
Chanmari

NAGALAND

DIMAPUR
Circular Road
KOHIMA
Opp. UBC Church

ORISSA

ANGUL
Main Road
BALASORE
O T Road, Padhuan Pada
BARBIL
Opp. Barbil Bus Stand
BARGARH
NH 6, Chanda Market Complex
BERHAMPUR (GANJAM)
Time World, Tata Benz Square
BHADRAK
Salandi By Pass
BHUBANESWAR
Chandrasekharpur, District Centre
CRPF Square, Stewart School
Kalpana Square
Satyanagar
Service Branch/CPC, Bhubaneswar - (Satyanagar)
CUTTACK
Bidanasi, CDA
Dolamondai, Badambadi
DHENKANAL
Mahabirbazar
JAJPUR
Bank Street, Jajpur Road
JEYPORE
NH 43, Near Inspection Bunglow
JHARSUGUDA
By Pass Road
PURI
Badasankha, Grand Road
RAYAGADA
Rayagada Nagar Mouza
ROURKELA
Kachery Road
SAMBALPUR
Ashok Talkies Road, V.S.S. Marg

PONDICHERRY

PONDICHERRY
Bussy Street

PUNJAB

ABOHAR
Circular Road
ADDA DAKHA
Ferozepur Road
AMRITSAR
Court Road, Kennedy Avenue
BAGHA PURANA
Mudki Road
BARNALA
College Road
BATHINDA
TP Scheme, The Mall
DERABASSI
Chandigarh – Ambala Road
FARIDKOT
Circular Road
FEROZEPUR
1-The Mall
GARHSHANKAR
Garhshankar-Chandigarh Road, (Near LIC Office)
GURDASPUR
Tibri Road, AP Palace
HOSHIARPUR
Main Court Road
JAGRAON
Tehsil Road
JALANDHAR
Mahavir Marg, Near BMC Chowk
Service Branch/CPC, Jalandhar - (Near BMC Chowk)
KAPURTHALA
Mall Road
KHANNA
G.T. Road, Nr. Kalgidhar Gurudwara
KOTKAPURA
Faridkot Road
LUDHIANA
108, The Mall
Miller Ganj, G.T. Road
Service Branch/CPC, Ludhiana - The Mall
MALERKOTLA
Satta Bazar Road
MALOUT
G T Road
MANSA
Water Works Road
MOGA
G.T. Road, SCF No. 26 & 27
MOHALI
Phase VII, Sector 61, S A S Nagar
NABHA
Dr. Ambedkar Market
NAKODAR
Noor Mahal Road
PATIALA
The Mall Road
PATTI
Ward No. 16
PHAGWARA
G. T. Road
PHULLANWALA
Pakhowal Road
RAJPURA
Caliber Market
RUPNAGAR
Dashmesh Nagar, Near Bela Chowk
SAMANA
Main Road
SANGRUR
Kaula Park Market
SUDHAR
Raikot Road, Opp. GHG
TARN TARAN
Amritsar Road, Nr. Pratap Talkies
THREEKE
Ferozpur Road

RAJASTHAN

AJMER
Kutchery Road, India Motor Circle
ALWAR
Road No.2, Jai Complex
BANSWARA
Mohan Colony Circle, Udaipur Road
BHILWARA
Pur Road, Heera Panna Complex
BHIWADI
RIICO Chowk

BIKANER
Rani Bazar Road (Nr. Dak Bunglow and Railway Station)
BUNDI
New Dhan Mandi Road
GANGANAGAR
Jawahar Nagar (Adjoining Gupta Nursing Home)
JAIPUR
Ashok Marg, C Scheme
Malviya Nagar, Sundar Nagar
Sanganer, Pratap Nagar
Tilak Nagar, Opp. LBS College
Vaishali Nagar, Saurav Towers
Service Branch/CPC, Jaipur - (Green House, Ashoka Marg)
JODHPUR
Chopasni Road
KOTA
Shopping Centre
RAWATBHATA
RAPS Shopping Cluster, Anukiran Colony
UDAIPUR
Chetak Marg, Parihar Bhawan

SIKKIM

GANGTOK
M.G. Road
RANGPO
Main Market, 31A NH

TAMIL NADU

ARNI
Thatchur Road
CHENNAI
Adyar, Mahatma Gandhi Road - (Shastri Nagar)
Annanagar, II Avenue - (ICF Perambur Extension Counter Shell Division)
Annasalai, Opp. Spencers Plaza
Ashok Nagar, 4th Avenue
George Town, Moore Street
Kilpauk, Poonamallee High Road
Madipakkam, No.2 (Medavakkam High Road)
Mogappair East, Bazar Street
Mylapore, Dr. Radhakrishnan Salai
Shastri Bhavan Extension Counter - (Haddows Road, Nungambakkam)
Tamil Nadu Housing Board Nandanam - (Extension Counter Annasalai)
Nanganallur, 4th Main Road
Old Washermanpet (Thiruvottiyur High Road)
Periyar Nagar, Karthikeyan Salai
Purasawalkam High Road
Ramapuram, Mount Poonamalle Road
T. Nagar, G N Chetty Road
Kesari School Extension Counter - (Thyagaraya Road)
Tambaram West, G S T Road
Thiruvanmiyur, East Coast Road - (Srinivasapuram)
Velachery Tambaram Main Road
Virugambakkam, Arcot Road
Service Branch, Chennai - (Dr. Radhakrishnan Salai, Mylapore)
Service Branch/CPC, Annasalai
COIMBATORE
Avinashi Road, Pappanaickenpalayyam
RS Puram, DB Road
Trichy Road
DINDIGUL
Salai Road
ERODE
Perundurai Road
HOSUR
Bye Pass Road
KANCHEEPURAM
Gandhi Road
KARUR
Dindigul Road
KUMBAKONAM
Nageshwaran North Street
MADURAI
Goods Shed Street
NAGERCOIL
Court Road
OMALUR
5th Ward
OOTY (OOTACAMUND)
Ettines Road
POLLACHI
Kovai Road
PUDUKKOTTAI
East Main Street
SALEM
Omalur Main Road
SATHYAMANGALAM
Mysore Trunk Road
SIVAKASI
Rajarathnam Street
THANJAVUR
Trichy Road, LIC Building
THENI
Madurai Road
THIRUVALLUR
JN Road
TIRUNELVELI
East Car Street
TIRUPUR
Court Street
TRICHY
Salai Road, Thillai Nagar
TUTICORIN
Palayamkottai Road
VELLORE
Officers Line
VILLUPURAM
Opp. New Bus Stand, Trichy Road

TRIPURA

AGARTALA
HG Basak Road

UTTAR PRADESH

AGRA
Sanjay Place
Taj Link Road, Fatehabad Road
ALIGARH
Ramghat Road, Niranjan Puri
ALLAHABAD
M.G. Marg, Civil Lines
Chowk, Shivcharan Lal Road
AZAMGARH
Civil Lines, Raidopur
BAREILLY
Civil Lines
BULANDSHAHR
DM Colony Road, Civil Lines
FAIZABAD
Civil Lines, Opp. Circuit House
FARRUKHABAD
ITI Chauraha, Shyam Nagar

GHAZIABAD
Ambedkar Road, Nehru Nagar
Indirapuram, Vaibhav Khand
GORAKHPUR
AD Chowk, Bank Road
JAUNPUR
Kutchery Road, Civil Lines
JHANSI
Civil Lines, Natraj Cinema Complex
KANPUR
The Mall, Opp. Phool Bagh
LUCKNOW
Ashok Marg
(Sikander Bagh Chauraha)
Hewett Road, Shivaji Marg
Indira Nagar, Faizabad Road
Service Branch/CPC, Lucknow -
(Opp. Doordarshan Kendra)
MATHURA
Junction Road
MEERUT
Civil Lines, Boundary Road
MIRZAPUR
Badali Katara (Beltar)
MORADABAD
Civil Lines, Sarai Khalsa
MUZAFFARNAGAR
Civil Lines (South), Court Road
NOIDA
Greater Noida, Alpha Commercial Belt I
Sector 16
S.T. Microelectronics Private Ltd. -
(Extension Counter, Knowledge Park III)
Sector 18
PILIBHIT
Chhatari Chouraha, Tanakpur Bye Pass Road
SAHARANPUR
Mission Compound, Court Road
SITAPUR
Eye Hospital Road, Civil Lines
VARANASI
Shastri Nagar, Sigra

UTTARAKHAND

BAZPUR
Main Doraha Road, Rampur Road
DEHRADUN
Rajpur Road
Service Branch/CPC, Dehradun - New Road
Service Branch/CPC, Dehradun - Rajpur Road
HARIDWAR
Main Haridwar-Delhi Road
KASHIPUR
City Centre, Station Road
MUSSOORIE
The Mall, Garhwal Terrace
PANDRI
Sitarganj Road
RISHIKESH
Adarsh Gram, Dehradun Road
ROORKEE
Civil Lines
RUDRAPUR
Awas Vikas Colony, Nainital Road
TALLI HALDWANI
Bareilly Road

WEST BENGAL

AMTALA
Diamond Harbour Road
(KE Carmel School)
ARAMBAGH
Link Road
ASANSOL
Sen Raleigh Road, Apcar Garden
BAGNAN
OT Road, Behind Sujata Cinema
BAHARAMPUR
K K Banerjee Road, Lal Dighi
BALURGHAT
Chakbhabani, Rathtala
BANKURA
Nutan Chati
BARRACKPORE
S. N. Banerjee Road (Near Champa
Cinema Hall)
BARUIPUR
Kulpi Road, Paddapukur
BASIRHAT
Basirhat Municipality Office
BOLPUR
Shantiniketan Road
BURDWAN
G. T. Road
CHANDERNAGORE
Barabazar
CHINSURAH
Hooghly-Chinsurah Municipality, Pipulpati
CONTAI
Serpur Etwaribar
DANKUNI
T.N. Mukherjee Road
DARJEELING
Rink Mall, Laden La Road
DIAMOND HARBOUR
Mouza – Raynagar
DURGAPUR
Sahid Khudiram Sarani, City Centre
FULIA
Chatkatola, Nutan Fulia
HABRA
Jessore Road, Habra Bazar
HALDIA
Basudevpur
HOWRAH
Dr. Abani Dutta Road, Salkia
Panchanantala, Deshpran Sashmal Road
JALPAIGURI
DBC Road, Rupasree Golden Cineplex
KALIMPONG
DS Gurgung Road, Near Damber Chowk
KALNA
Saptagram Kalna Katwa Road -
(Ambika Kalna)
KALYANI
B-9/276 (CA)
KATWA
Najrul Sarani, Circus Maidan
KHARAGPUR
Malancha Road
KOCH BIHAR
Sunity Road
KOLKATA
Airport, Jessore Road
Baguiati, V I P Road
Behala Chowrasta
Burra Bazar, Chaitan Sett Street
C I T Road, Deb Lane
Dalhousie Square, Clive Row
Dum Dum, Motijheel Avenue
Dunlop Bridge, B.T. Road
Electronic Complex, Sector V, Salt Lake City
Garia, Raja Subodh Chandra Mullick Road
Golpark, Gariahat Road
Kankurgachi, Manicktala Main Road
Lake Town, South Dum Dum
New Alipore, Bankim Mukherjee Sarani
Prince Anwar Shah Road, City High
Rash Behari Avenue, 41 B

Salt Lake City, BD 20, Sector I
Eastern Zonal Cultural Centre (Extension Counter, Sector III, Salt Lake City)
Sarat Bose Road **(PB Branch)**
Shakespeare Sarani
Shyambazar, 5 Point Crossing
Tollygunge, N.S.C.Bose Road
Service Branch, Kolkata - (Shakespeare Sarani)
Service Branch/CPC, Kolkata - (Nagaland House)

KONNAGAR
G. T. Road

KRISHNANAGAR, W. BENGAL
M.M. Ghosh Street, Near Main Post Office

MADHYAMGRAM
Madhyamgram Chowmatha

MAHESHTALA
Budge Budge Trunk Road

MALDA
K J Sanyal Road

MEMARI
G.T. Road

MIDNAPUR
Station Road

NABAPALLY
Sangam Market, Colony More

PANIHATI
B. T. Road, Panihati Municipality

PURULIYA
Ranchi Road, Near Puruliya Club

RAIGANJ
Mohanbati, NS Road

RISHRA
Bangur Park

SERAMPORE
T. C. Goswami Street

SILIGURI
Sevoke Road
SF Road, Near Don Bosco School - (Sevoke Road)

SINGUR
Nutan Bazar

SURI
Post Office More

TAMLUK
Bhimer Bazar, Main Road

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Shanghai-200120

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18 Charter Road
Central, Hong Kong

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`Al Yamamah Towers',
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Port Saeed, Deira, P.O. Box 506593,
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