

CONSOLIDATED BALANCE SHEET

as at 31 March, 2016

(₹ in Thousands)

	Schedule No.	As at 31-03-2016	As at 31-03-2015
Capital And Liabilities			
Capital	1	4,765,664	4,741,044
Reserves & Surplus	2	530,821,913	444,754,902
Minority Interest	2A	390,546	311,361
Deposits	3	3,583,021,932	3,222,441,700
Borrowings	4	1,044,937,320	843,935,036
Other Liabilities and Provisions	5	156,394,743	156,245,690
Total		5,320,332,118	4,672,429,733
Assets			
Cash and Balances with Reserve Bank of India	6	223,611,562	198,188,446
Balances with Banks and Money at Call and Short Notice	7	113,416,529	166,732,539
Investments	8	1,218,807,842	1,185,266,250
Advances	9	3,446,633,156	2,844,486,456
Fixed Assets	10	35,737,637	25,519,012
Other Assets	11	282,125,392	252,237,030
Total		5,320,332,118	4,672,429,733
Contingent Liabilities	12	6,188,115,431	5,913,342,873
Bills for Collection		512,794,653	490,086,861
Significant Accounting Policies and Notes to Accounts	17 & 18		
Schedules referred to above form an integral part of the Consolidated Balance Sheet			

In terms of our report attached.

For Axis Bank Ltd.

For S. R. Batliboi & Co. LLP
Chartered Accountants

Sanjiv Misra
Chairman

Viren H. Mehta
Partner

V. R. Kaundinya
Director

Samir K. Barua
Director

S. Vishvanathan
Director

Rakesh Makhija
Director

Shikha Sharma
Managing Director & CEO

Date : 26 April, 2016
Place : Mumbai

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

V. Srinivasan
Deputy Managing Director

CONSOLIDATED PROFIT & LOSS ACCOUNT

 for the year ended 31 March, 2016

(₹ in Thousands)

	Schedule No.	Year ended 31-03-2016	Year ended 31-03-2015
I Income			
Interest earned	13	414,092,495	357,274,565
Other income	14	99,549,760	88,381,144
Total		513,642,255	445,655,709
II Expenditure			
Interest expended	15	243,442,343	213,412,610
Operating expenses	16	106,113,710	96,099,332
Provisions and contingencies	18 (2.1.1)	80,510,360	61,658,952
Total		430,066,413	371,170,894
III Net Profit for the Year		83,575,842	74,484,815
Minority interest		(79,185)	(19,439)
Share in Profit/(Loss) of Associate		-	13,589
IV Consolidated Net Profit Attributable to Group		83,496,657	74,478,965
Balance in Profit & Loss Account brought forward from previous year		177,897,402	136,012,379
V Amount Available for Appropriation		261,394,059	210,491,344
VI Appropriations:			
Transfer to Statutory Reserve		20,559,157	18,394,555
Transfer to Reserve Fund u/s 45 IC of RBI Act, 1934		221,600	156,400
Transfer to/(from) Investment Reserve		(418,074)	254,885
Transfer to Capital Reserve		620,406	631,421
Transfer to General Reserve		54,011	16,534
Transfer to/(from) Reserve Fund		17,409	(12,664)
Proposed dividend (includes tax on dividend)	18 (2.1.6)	312,590	13,152,811
Balance in Profit & Loss Account carried forward		240,026,960	177,897,402
Total		261,394,059	210,491,344
VII Earnings per Equity Share	18 (2.1.4)		
(Face value ₹2/- per share) (Rupees)			
Basic		35.12	31.56
Diluted		34.93	31.23
Significant Accounting Policies and Notes to Accounts	17 & 18		
Schedules referred to above form an integral part of the Consolidated Profit and Loss Account			

In terms of our report attached.

For Axis Bank Ltd.

For S. R. Batliboi & Co. LLP
Chartered AccountantsSanjiv Misra
ChairmanViren H. Mehta
PartnerV. R. Kaundinya
DirectorSamir K. Barua
DirectorS. Vishvanathan
DirectorRakesh Makhija
DirectorShikha Sharma
Managing Director & CEODate : 26 April, 2016
Place: MumbaiGirish V. Koliyote
Company SecretaryJairam Sridharan
Chief Financial OfficerV. Srinivasan
Deputy Managing Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March, 2016

(₹ in Thousands)

	Year ended 31-03-2016	Year ended 31-03-2015
Cash flow from operating activities		
Net profit before taxes	126,820,480	112,812,999
Adjustments for:		
Depreciation on fixed assets	4,613,903	4,196,443
Depreciation on investments	841,094	(509,798)
Amortisation of premium on Held to Maturity investments	783,691	779,346
Provision for Non Performing Assets (including bad debts)	38,004,587	17,886,115
Provision on standard assets	3,956,954	2,927,507
Provision for wealth tax	(477)	9,300
(Profit)/Loss on sale of fixed assets (net)	(60,574)	36,500
Provision for restructured assets/strategic debt restructuring	(617,811)	(818,769)
Provision on unhedged foreign currency exposure	16,200	1,336,600
Provision for other contingencies	(5,014,010)	2,480,374
	169,344,037	141,136,617
Adjustments for:		
(Increase)/Decrease in investments	(142,895,898)	(91,686,603)
(Increase)/Decrease in advances	(638,336,336)	(536,893,261)
Increase /(Decrease) in deposits	360,580,232	417,030,962
(Increase)/Decrease in other assets	(28,076,475)	(39,867,664)
Increase/(Decrease) in other liabilities & provisions	14,019,256	850,166
Direct taxes paid	(45,401,573)	(42,195,220)
Net cash flow from operating activities	(310,766,757)	(151,625,003)
Cash flow from investing activities		
Purchase of fixed assets	(14,944,047)	(5,385,634)
(Increase)/Decrease in Held to Maturity investments	107,004,252	(73,836,316)
Proceeds from sale of fixed assets	192,654	100,405
Net cash used in investing activities	92,252,859	(79,121,545)

CONSOLIDATED CASH FLOW STATEMENT (CONT.)

(₹ in Thousands)

	Year ended 31-03-2016	Year ended 31-03-2015
Cash flow from financing activities		
Proceeds from issue of subordinated debt, perpetual debt & upper Tier II instruments (net of repayment)	12,264,056	9,164,337
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments)	188,738,228	307,378,461
Proceeds from issue of share capital	24,620	42,599
Proceeds from share premium (net of share issue expenses)	3,028,823	4,768,948
Payment of dividend	(13,368,029)	(11,088,076)
Increase in minority interest	79,185	181,939
Net cash generated from financing activities	190,766,883	310,448,208
Effect of exchange fluctuation translation reserve	(145,879)	(602,243)
Net increase in cash and cash equivalents	(27,892,894)	79,099,417
Cash and cash equivalents at the beginning of the year	364,920,985	285,821,568
Cash and cash equivalents at the end of the year	337,028,091	364,920,985
Notes to the Cash Flow Statement:		
Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	223,611,562	198,188,446
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	113,416,529	166,732,539
Cash and cash equivalents at the end of the year	337,028,091	364,920,985

In terms of our report attached.

For Axis Bank Ltd.

For S. R. Batliboi & Co. LLP
Chartered AccountantsSanjiv Misra
ChairmanViren H. Mehta
PartnerV. R. Kaundinya
DirectorSamir K. Barua
DirectorS. Vishvanathan
DirectorRakesh Makhija
DirectorShikha Sharma
Managing Director & CEODate : 26 April, 2016
Place: MumbaiGirish V. Koliyote
Company SecretaryJairam Sridharan
Chief Financial OfficerV. Srinivasan
Deputy Managing Director

SCHEDULES

forming part of the Consolidated Balance Sheet as at 31 March, 2016

Schedule 1 - Capital

	(₹ in Thousands)	
	As at 31-03-2016	As at 31-03-2015
Authorised Capital		
4,250,000,000 (Previous year - 4,250,000,000) Equity Shares of ₹2/- each	8,500,000	8,500,000
Issued, Subscribed and Paid-up capital		
2,382,831,826 (Previous year - 2,370,522,199) Equity Shares of ₹2/- each fully paid-up [Refer Schedule 18.1]	4,765,664	4,741,044

Schedule 2 - Reserves and Surplus

	(₹ in Thousands)	
	As at 31-03-2016	As at 31-03-2015
I. Statutory Reserve		
Opening Balance	85,313,168	66,918,613
Additions during the year	20,559,157	18,394,555
	105,872,325	85,313,168
II. Share Premium Account		
Opening Balance	163,843,036	159,074,088
Additions during the year	3,028,823	4,768,948
Less: Share issue expenses	-	-
	166,871,859	163,843,036
III. Investment Reserve Account		
Opening Balance	1,289,745	1,034,860
Additions/(Deductions) during the year (net)	(418,074)	254,885
	871,671	1,289,745
IV. General Reserve		
Opening Balance	3,740,826	3,724,292
Additions during the year	54,011	16,534
	3,794,837	3,740,826
V. Capital Reserve		
Opening Balance	10,480,249	9,848,828
Additions during the year	620,406	631,421
	11,100,655	10,480,249
VI. Foreign Currency Translation Reserve [Refer Schedule 17 (4.5)]		
Opening Balance	1,862,091	2,464,334
Additions/(Deductions) during the year (net)	(145,879)	(602,243)
	1,716,212	1,862,091
VII. Reserve Fund		
Opening Balance	23,885	36,549
Additions/(Deductions) during the year (net)	17,409	(12,664)
	41,294	23,885
VIII. Reserve Fund u/s 45 IC of RBI Act, 1934		
Opening Balance	304,500	148,100
Additions during the year	221,600	156,400
	526,100	304,500
IX. Balance in Profit & Loss Account	240,026,960	177,897,402
Total	530,821,913	444,754,902

Schedule 2A - Minority Interest

(₹ in Thousands)

	As at 31-03-2016	As at 31-03-2015
I. Minority Interest		
Opening Balance	311,361	129,421
Increase/(Decrease) during the year	79,185	181,940
Closing Minority Interest	390,546	311,361

Schedule 3 - Deposits

(₹ in Thousands)

	As at 31-03-2016	As at 31-03-2015
A. I. Demand Deposits		
(i) From banks	46,692,546	39,561,238
(ii) From others	588,518,516	519,809,061
II. Savings Bank Deposits	1,057,934,225	882,921,758
III. Term Deposits		
(i) From banks	74,025,125	84,010,165
(ii) From others	1,815,851,520	1,696,139,478
Total	3,583,021,932	3,222,441,700
B. I. Deposits of branches in India	3,527,724,347	3,166,496,390
II. Deposits of branches/subsidiaries outside India	55,297,585	55,945,310
Total	3,583,021,932	3,222,441,700

Schedule 4 - Borrowings

(₹ in Thousands)

	As at 31-03-2016	As at 31-03-2015
I. Borrowings in India		
(i) Reserve Bank of India	-	-
(ii) Other banks #	22,837,989	29,093,122
(iii) Other institutions & agencies **	381,164,809	275,579,626
II. Borrowings outside India §	640,934,522	539,262,288
Total	1,044,937,320	843,935,036
Secured borrowings included in I & II above	17,523,923	10,799,116

Borrowings from other banks include Subordinated Debt of ₹90.10 crores (previous year ₹377.60 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of ₹25.00 crores (previous year Nil) and Upper Tier II instruments of ₹49.10 crores (previous year ₹49.10 crores) [Also refer Notes 18 (2.1.2) & 18 (2.1.3)]

** Borrowings from other institutions & agencies include Subordinated Debt of ₹12,240.70 crores (previous year ₹10,823.20 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of ₹189.00 crores (previous year ₹214.00 crores) and Upper Tier II instruments of ₹258.40 crores (previous year ₹258.40 crores) [Also refer Notes 18 (2.1.2) & 18 (2.1.3)]

§ Borrowings outside India include Perpetual Debt of ₹304.77 crores (previous year ₹287.50 crores) and Upper Tier II instruments of ₹1,391.12 crores (previous year ₹1,311.98 crores) [Also refer Note 18 (2.1.3)]

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2016 (CONT.)

Schedule 5 - Other Liabilities and Provisions

(₹ in Thousands)

	As at 31-03-2016	As at 31-03-2015
I. Bills payable	36,453,959	39,372,758
II. Inter-office adjustments (net)	-	-
III. Interest accrued	26,145,490	20,682,515
IV. Proposed dividend (includes tax on dividend) [Refer Schedule 18 (2.1.6)]	-	13,055,440
V. Contingent provision against standard assets	20,138,747	16,010,873
VI. Others (including provisions)	73,656,547	67,124,104
Total	156,394,743	156,245,690

Schedule 6 - Cash and Balances with Reserve Bank of India

(₹ in Thousands)

	As at 31-03-2016	As at 31-03-2015
I. Cash in hand (including foreign currency notes)	41,204,898	42,154,361
II. Balances with Reserve Bank of India:		
(i) in Current Account	182,406,664	156,034,085
(ii) in Other Accounts	-	-
Total	223,611,562	198,188,446

Schedule 7 - Balances with Banks and Money at Call and Short Notice

(₹ in Thousands)

	As at 31-03-2016	As at 31-03-2015
I. In India		
(i) Balance with Banks		
(a) in Current Accounts	2,104,609	2,213,579
(b) in Other Deposit Accounts	11,942,150	12,852,440
(ii) Money at Call and Short Notice		
(a) With banks	-	-
(b) With other institutions	41,184,875	86,192,067
Total	55,231,634	101,258,086
II. Outside India		
(i) in Current Accounts	15,738,488	8,214,657
(ii) in Other Deposit Accounts	26,158,271	24,439,311
(iii) Money at Call & Short Notice	16,288,136	32,820,485
Total	58,184,895	65,474,453
Grand Total (I+II)	113,416,529	166,732,539

Schedule 8 - Investments

(₹ in Thousands)

	As at 31-03-2016	As at 31-03-2015
I. Investments in India in -		
(i) Government Securities ## **	850,430,001	812,460,111
(ii) Other approved securities	-	-
(iii) Shares	12,439,671	7,390,249
(iv) Debentures and Bonds	231,531,115	252,221,297
(v) Investment in Joint Ventures	-	-
(vi) Others (Mutual Fund units, CD/CP, PTC etc.)	94,022,174	93,191,933
Total Investments in India	1,188,422,961	1,165,263,590
II. Investments outside India in -		
(i) Government Securities (including local authorities)	21,088,195	11,705,282
(ii) Subsidiaries and/or joint ventures abroad	-	-
(iii) Others (Equity Shares and Bonds)	9,296,686	8,297,378
Total Investments outside India	30,384,881	20,002,660
Grand Total (I+II)	1,218,807,842	1,185,266,250

Includes securities costing ₹29,020.93 crores (previous year ₹11,981.89 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

** Net of Repo borrowing of ₹9,517.86 crores (previous year ₹6,194.55 crores) under the Liquidity Adjustment Facility in line with the RBI requirements

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2016 (CONT.)

Schedule 9 - Advances

(₹ in Thousands)

	As at 31-03-2016	As at 31-03-2015
A. (i) Bills purchased and discounted	47,107,156	52,037,662
(ii) Cash credits, overdrafts and loans repayable on demand @	965,473,393	804,138,531
(iii) Term loans #	2,434,052,607	1,988,310,263
Total	3,446,633,156	2,844,486,456
B. (i) Secured by tangible assets \$	2,600,830,091	2,223,044,145
(ii) Covered by Bank/Government Guarantees &&	40,302,677	35,061,043
(iii) Unsecured	805,500,388	586,381,268
Total	3,446,633,156	2,844,486,456
C. I. Advances in India		
(i) Priority Sector	816,012,439	697,714,885
(ii) Public Sector	35,457,656	35,629,745
(iii) Banks	2,068,310	830,468
(iv) Others	2,062,119,670	1,637,081,680
Total	2,915,658,075	2,371,256,778
II. Advances Outside India		
(i) Due from banks	1,373,656	1,562,500
(ii) Due from others -		
(a) Bills purchased and discounted	13,220,140	4,528,093
(b) Syndicated loans	135,410,920	127,665,565
(c) Others	380,970,365	339,473,520
Total	530,975,081	473,229,678
Grand Total [CI+CII]	3,446,633,156	2,844,486,456

@ Net of borrowings under Inter Bank Participation Certificate/Funded Risk Participation ₹662.55 crores (previous year ₹1,301.43 crores)

Net of borrowings under Inter Bank Participation Certificate ₹7,483.34 crores (previous year ₹15,317.68 crores)

\$ Includes advances against book debts

&& Includes advances against L/Cs issued by banks

Schedule 10 - Fixed Assets

(₹ in Thousands)

	As at 31-03-2016	As at 31-03-2015
I. Premises		
Gross Block		
At cost at the beginning of the year	9,507,021	9,041,075
Additions during the year	8,800,025	465,946
Deductions during the year	(17,131)	-
Total	18,289,915	9,507,021
Depreciation		
As at the beginning of the year	708,710	556,787
Charge for the year	158,686	151,923
Deductions during the year	(6,708)	-
Depreciation to date	860,688	708,710
Net Block	17,429,227	8,798,311
II. Other fixed assets (including furniture & fixtures)		
Gross Block		
At cost at the beginning of the year	36,256,166	33,180,276
Additions during the year	5,036,713	4,884,103
Deductions during the year	(599,963)	(1,808,213)
Total	40,692,916	36,256,166
Depreciation		
As at the beginning of the year	20,587,251	18,208,169
Charge for the year	4,455,217	4,044,520
Deductions during the year	(499,016)	(1,665,438)
Depreciation to date	24,543,452	20,587,251
Net Block	16,149,464	15,668,915
III. CAPITAL WORK-IN-PROGRESS (including capital advances)	2,158,946	1,051,786
Grand Total (I+II+III)	35,737,637	25,519,012

Schedule 11 - Other Assets

(₹ in Thousands)

	As at 31-03-2016	As at 31-03-2015
I. Inter-office adjustments (net)	-	-
II. Interest Accrued	44,459,222	41,799,771
III. Tax paid in advance/tax deducted at source (net of provisions)	3,951,774	2,611,540
IV. Stationery and stamps	8,291	10,081
V. Non banking assets acquired in satisfaction of claims	-	-
VI. Others #@	233,706,105	207,815,638
Total	282,125,392	252,237,030

Includes deferred tax assets of ₹1,968.24 crores (previous year ₹1,894.44 crores) [Refer Schedule 18 (2.1.11)]

@ Includes Priority Sector Shortfall Deposits of ₹16,659.19 crores (previous year ₹14,792.62 crores)

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2016 (CONT.)

Schedule 12 - Contingent Liabilities

(₹ in Thousands)

	As at 31-03-2016	As at 31-03-2015
I. Claims against the Group not acknowledged as debts	2,749,555	2,755,732
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange and derivative contracts:		
a) Forward Contracts	2,556,675,471	2,802,478,143
b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	1,806,278,486	1,641,749,576
c) Foreign Currency Options	429,005,192	238,438,623
Total (a+b+c)	4,791,959,149	4,682,666,342
IV. Guarantees given on behalf of constituents		
In India	558,340,064	582,793,361
Outside India	128,192,798	137,954,192
V. Acceptances, endorsements and other obligations	294,853,158	315,837,757
VI. Other items for which the Group is contingently liable	412,020,707	191,335,489
Grand Total (I+II+III+IV+V+VI) [Refer Schedule 18 (2.1.14)]	6,188,115,431	5,913,342,873

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2016

Schedule 13 - Interest Earned

	(₹ in Thousands)	
	Year ended 31-03-2016	Year ended 31-03-2015
I. Interest/discount on advances/bills	304,101,900	260,839,861
II. Income on investments	94,258,541	84,760,823
III. Interest on balances with Reserve Bank of India and other inter-bank funds	2,962,541	2,320,169
IV. Others	12,769,513	9,353,712
Total	414,092,495	357,274,565

Schedule 14 - Other Income

	(₹ in Thousands)	
	Year ended 31-03-2016	Year ended 31-03-2015
I. Commission, exchange and brokerage	74,095,775	66,073,242
II. Profit/(Loss) on sale of investments (net)	10,408,517	10,182,354
III. Profit/(Loss) on sale of fixed assets (net)	60,574	(36,500)
IV. Profit on exchange/derivative transactions (net)	12,757,306	9,842,668
V. Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	-	-
VI. Miscellaneous Income [including recoveries on account of advances/investments written off in earlier years ₹160.49 crores (previous year ₹169.86 crores) and net profit on account of portfolio sell downs/securitisation ₹6.12 crores (previous year ₹43.87 crores)]	2,227,588	2,319,380
Total	99,549,760	88,381,144

Schedule 15 - Interest Expended

	(₹ in Thousands)	
	Year ended 31-03-2016	Year ended 31-03-2015
I. Interest on deposits	185,207,845	171,078,082
II. Interest on Reserve Bank of India/Inter-bank borrowings	20,919,676	15,407,390
III. Others	37,314,822	26,927,138
Total	243,442,343	213,412,610

Schedule 16 - Operating Expenses

	(₹ in Thousands)	
	Year ended 31-03-2016	Year ended 31-03-2015
I. Payments to and provisions for employees	40,193,437	36,156,945
II. Rent, taxes and lighting	6,967,403	8,293,304
III. Printing and stationery	1,427,830	1,221,906
IV. Advertisement and publicity	935,725	969,690
V. Depreciation on Group's property	4,613,903	4,196,443
VI. Directors' fees, allowance and expenses	30,448	22,143
VII. Auditors' fees and expenses	25,212	22,565
VIII. Law charges	171,559	109,025
IX. Postage, telegrams, telephones etc.	2,712,249	3,180,171
X. Repairs and maintenance	7,361,263	7,531,626
XI. Insurance	4,160,907	3,669,537
XII. Other expenditure	37,513,774	30,725,977
Total	106,113,710	96,099,332

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March, 2016

1 Principles of Consolidation

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

The Bank consolidates its subsidiaries in accordance with AS-21, Consolidated Financial Statements notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure. All significant inter-company accounts and transactions are eliminated on consolidation. Further, the Bank accounts for investments in associates in accordance with AS-23, Accounting for Investments in Associates in Consolidated Financial Statements, notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 using the equity method of accounting.

2 Basis of preparation

a) The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the generally accepted accounting principles in India to comply with the statutory requirements prescribed under the Banking Regulation Act, 1949, the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

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

Name	Relation	Country of Incorporation	Ownership Interest
Axis Capital Ltd.	Subsidiary	India	100.00%
Axis Private Equity Ltd.	Subsidiary	India	100.00%
Axis Trustee Services Ltd.	Subsidiary	India	100.00%
Axis Mutual Fund Trustee Ltd.	Subsidiary	India	75.00%
Axis Asset Management Company Ltd.	Subsidiary	India	75.00%
Axis Finance Ltd.	Subsidiary	India	100.00%
Axis Securities Ltd.	Subsidiary	India	100.00%
Axis Bank UK Ltd.	Subsidiary	U.K.	100.00%
Axis Securities Europe Ltd. (see 'd' below)	Subsidiary	U.K.	100.00%

c) The audited financial statements of the above subsidiaries have been drawn up to the same reporting date as that of the Bank, i.e. 31 March, 2016.

d) On 19 August, 2015, the Bank purchased entire stake in Axis Securities Europe Limited from Axis Capital Limited at a consideration of ₹19.02 crores thus making it a wholly owned subsidiary of the Bank.

3 Use of estimates

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

4 Significant accounting policies

4.1 Investments

Axis Bank Ltd.

Classification

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

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

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

Investments that the Bank intends to hold till maturity are classified under the HTM category. Investments in the equity of subsidiaries/joint ventures are categorised as HTM in accordance with the RBI guidelines.

All other investments are classified as AFS securities.

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

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

Transfer of security between categories

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

Acquisition cost

Costs including brokerage and commission pertaining to investments, paid at the time of acquisition, are charged to the Profit and Loss Account.

Broken period interest is charged to the Profit and Loss Account.

Cost of investments is computed based on the weighted average cost method.

Valuation

Investments classified under the HTM category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period remaining to maturity on a constant yield to maturity basis. In terms of RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity.

Investments classified under the AFS and HFT categories are marked to market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is the market price of the scrip as available from the trades/quotes on the stock exchanges or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association of India ('FIMMDA'), periodically. Net depreciation, if any, within each category of each investment classification is recognised in the Profit and Loss Account. The net appreciation if any, under each category of each investment classification is ignored. The book value of individual securities is not changed consequent to the periodic valuation of investments. Non-performing investments are identified and provision is made thereon as per RBI guidelines. Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.

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

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

SIGNIFICANT ACCOUNTING POLICIES (CONT.)

- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the YTM for Government Securities as published by FIMMDA/PDAI and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA is adopted for this purpose;
- in case of bonds and debentures (including Pass Through Certificates) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;
- 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. In case the latest Balance Sheet is not available, the shares are valued at ₹1 per company;
- units of Venture Capital Funds ('VCF') held under AFS category where current quotations are not available are marked to market based on the Net Asset Value ('NAV') shown by VCF as per the latest audited financials of the fund. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹1 per VCF. Investment in unquoted VCF after 23 August, 2006 are categorised under HTM category for the initial period of three years and valued at cost as per RBI guidelines and
- security receipts are valued as per the NAV obtained from the issuing Reconstruction Company/Securitisation Company.

Investments in subsidiaries/joint ventures are categorised as HTM and assessed for impairment to determine permanent diminution, if any, in accordance with the RBI guidelines.

Realised gains on investments under the HTM category are recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve account (net of taxes and transfer to statutory reserves) in accordance with the RBI guidelines. Losses are recognised in the Profit and Loss Account. Realised gains/losses on investments under the AFS and HFT category are recognised in the Profit and Loss Account.

All investments are accounted for on settlement date, except investments in equity shares which are accounted for on trade date.

Repurchase and reverse repurchase transactions

Repurchase and reverse repurchase transactions in government securities and corporate debt securities [excluding those conducted under the Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI] are accounted as collateralised borrowing and lending respectively. Such transactions done under LAF and MSF are accounted as outright sale and outright purchase respectively.

Short Sales

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The short positions are reflected in 'Securities Short Sold ('SSS') A/c', specifically created for this purpose. Such short positions are categorised under HFT category. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments discussed earlier.

Subsidiaries

Investments are initially recognised at cost which comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Any reduction in the carrying amount and any reversal of such reductions are charged or credited to the Profit and Loss Account.

Long term investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of such investments.

4.2 Advances

Axis Bank Ltd.

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

In addition to the above, the Bank on a prudential basis, makes provision for expected losses against advances or other exposures to specific assets/industry/sector either on a case-by-case basis or for a group of assets, based on specific information or general economic environment. These are classified as contingent provision and included under Schedule 5 - Other Liabilities in the Balance Sheet.

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 the Management.

Amounts recovered against debts written off are recognised in the Profit and Loss account.

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

The Bank makes provision in accordance with the RBI guidelines, on assets subjected to Strategic Debt Restructuring.

For entities with Unhedged Foreign Currency Exposure (UFCE), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

The Bank maintains a general provision on standard advances at the rates prescribed by RBI. In case of overseas branches, general provision on standard advances is maintained at the higher of the levels stipulated by the respective overseas regulator or RBI.

Under its home loan portfolio, the Bank offers housing loans with certain features involving waiver of Equated Monthly Installments ('EMIs') of a specific period subject to fulfilment of a set of conditions by the borrower. The Bank makes provision on an estimated basis against the probable loss that could be incurred in future on account of waivers to eligible borrowers in respect of such loans. This provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

Axis Finance Ltd.

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

Non-performing loans are written off/provided for, as per management estimates, subject to the minimum provision required as per Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Provision on Standard Assets i.e. loans and advances is made at 0.40%.

SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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 as per the RBI guidelines). The countries are categorised into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country exposure.

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 as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.

In accordance with RBI guidelines of 7 May, 2012 on 'Guidelines on Securitisation of Standard Assets', gain on securitisation transaction is recognised over the period of the underlying securities issued by the SPV as prescribed under RBI guidelines. Loss on securitisation is immediately debited to the 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. Monetary foreign currency assets and liabilities are translated at the Balance Sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year end revaluations are recognised in the Profit and Loss Account.

Financial statements of foreign branches classified as non-integral foreign operations as per the RBI guidelines 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. Any realised gains or losses are recognised in the Profit and Loss Account.

Outstanding forward exchange contracts including tom/spot contracts (excluding currency swaps undertaken to hedge foreign currency assets/liabilities and funding swaps which are not revalued) are revalued at year end on PV basis by discounting the forward value till spot date and converting the FCY amount using the respective spot rates as 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 foreign currency assets and liabilities and funding swaps is recognised as interest income/expense and is amortised on a pro-rata basis over the underlying swap period.

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

Subsidiaries

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at the closing rate on that date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined. The exchange differences, if any, either on settlement or translation are recognised in Profit and Loss Account.

4.6 Derivative transactions

Axis Bank Ltd.

Derivative transactions comprise of forward contracts, swaps and options which are disclosed as contingent liabilities. The forwards, swaps and options are categorised as trading or hedge transactions. Trading derivative contracts 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. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge swaps are accounted for on accrual basis except in case of swaps designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In such cases the swaps are marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. The premium on option contracts is accounted for as per FEDAI guidelines. Pursuant to the RBI guidelines any receivables under derivative contracts comprising of crystallised receivables as well as positive Mark to Market (MTM) in respect of future receivables which remain overdue for more than 90 days are reversed through the Profit and Loss Account and are held in separate Suspense Account.

Currency futures contracts are marked to market using daily settlement price on a trading day, which is the closing price of the respective futures contracts on that day. While the daily settlement price is computed based on the last half an hour weighted average price of such contract, the final settlement price is taken as the RBI reference rate on the last trading day of the futures contract or as may be specified by the relevant authority from time to time. All open positions are marked to market based on the settlement price and the resultant marked to market profit/loss is daily settled with the exchange.

Valuation of Exchange Traded Currency Options (ETCO) is carried out on the basis of the daily settlement price of each individual option provided by the exchange and valuation of Interest Rate Futures (IRF) is carried out on the basis of the daily settlement price of each contract provided by the exchange.

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 in accordance with AS-9, Revenue Recognition as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014, the Companies (Accounting Standards) Amendment Rules, 2016 and the RBI guidelines.

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

Arrangership/syndication fee is accounted for on completion of the agreed service and when right to receive is established.

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.

In accordance with RBI guidelines on sale of non-performing advances, if the sale is at a price below the net book value (i.e. book value less provisions held), the shortfall is charged to the Profit and Loss Account. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

The Bank deals in bullion business on a consignment basis. The difference between the price recovered from customers and cost of bullion is accounted for at the time of sale to the customers. The Bank also deals in bullion on a borrowing and lending basis and the interest paid/received is accounted on an accrual basis.

SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Subsidiaries

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

Interest income is recognised on an accrual basis.

Dividend income is recognised when the right to receive payment is established by the balance sheet date.

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

Axis Capital Limited

Brokerage income in relation to stock broking activity is recognised as per contracted rates at the execution of transactions on behalf of the customers on a trade date basis. Gains/losses on dealing in securities are recognised on a trade date basis.

Revenue from issue management, loan syndication, financial advisory services is recognised based on the stage of completion of assignments and terms of agreement with the client.

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

Axis Trustee Services Limited

Annual Fees for trusteeship services and servicing fees are recognised, on a straight line basis, over the period when services are performed. Initial acceptance fee is recognised as and when the 'Offer Letter' for the services to be rendered is accepted by the customer.

Advisory service fees on family office service are recognised as and when the services relating to the activities defined in the accepted offer letter are completed.

Axis Asset Management Company Limited

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

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

Investment advisory fees-offshore are recognised on an accrual basis as per the terms of the contract.

Axis Mutual Fund Trustee Limited

Trustee fee is recognised on accrual basis, at the specific rates/amount approved by the Board of Directors of the Company, within the limits specified under the Deed of Trust, and is applied on the net assets of each scheme of Axis Mutual Fund.

Axis Finance Limited

Interest and other dues are accounted on accrual basis except in the case of non-performing loans where it is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.

Income on discounted instruments is recognised over the tenure of the instrument on a straight-line method.

Axis Securities Limited

Business sourcing and resource management fee is recognised on accrual basis when all the services are performed.

Income from Super Value Plan to the extent of account opening fees is recognised upfront and balance is amortised over the validity of plan.

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

Brokerage income on securities is recognised as per contracted rates at the execution of transactions on behalf of the customers on the trade date. Gains/losses on dealing in securities are recognised on trade date basis.

Depository fees are recognised on completion of the transaction.

Portfolio management fees are accounted on accrual basis as follows:

In case of fees based on fixed percentage of the corpus/fixed amount, income is accrued at the end of the quarter/month.

In case of fees, based on the returns of the portfolio, income is accounted on each anniversary as per the agreement.

4.8 Scheme expenses

Axis Asset Management Company Ltd.

Fund Expenses

Expenses of schemes of Axis Mutual Fund in excess of the stipulated limits as per SEBI (Mutual Fund) Regulations, 1996 and expenses incurred directly (inclusive of advertisement/brokerage expenses) on behalf of schemes of Axis Mutual Fund are charged to the Profit and Loss Account.

New fund offer expenses

Expenses relating to new fund offer of Axis Mutual Fund are charged to the Profit and Loss Account in the year in which they are incurred.

Brokerage

Clawbackable brokerages paid by the Company in advance is charged to the statement of Profit and Loss Account over the claw-back period/tenure of the respective scheme. The unamortised portion of the clawbackable brokerage is carried forward as prepaid expense.

Upfront brokerage on closed ended and fixed tenure schemes is amortised over the tenure of the respective scheme and in case of Equity Linked Saving Scheme (ELSS), upfront brokerage is amortised over 3 years. The unamortised portion of the brokerage is carried forward as prepaid expense. Any other brokerage is expensed out in the year in which they are incurred.

4.9 Fixed assets and depreciation/impairment

Group

Fixed assets are carried at cost of acquisition less accumulated depreciation and 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 is provided over the estimated useful life of a fixed asset on the straight-line method from the date of addition. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II of Companies Act, 2013.

SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Asset	Estimated useful life
Owned premises	60 years
Computer hardware including printers	3 years
Application software	5 years
Vehicles	4 years
EPABX, telephone instruments	8 years
CCTV and video conferencing equipment	3 years
Mobile phone	2 years
Locker cabinets/cash safe/strong room door	10 years
Modem, scanner, routers, hubs, switches, racks/cabinets for IT equipment	5 years
UPS, VSAT, fax machines	5 years
Cheque book/cheque encoder, currency counting machine, fake note detector	5 years
Assets at staff residence	3 years
All other fixed assets	10 years

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 amounts of assets are reviewed at each Balance Sheet date to ascertain if there is any indication of impairment based on internal/external factors. An impairment loss is 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.

Profit on sale of premises is appropriated to Capital Reserve Account in accordance with RBI instructions.

4.10 Lease transactions

Group

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

4.11 Retirement and other employee benefits

Provident Fund

Axis Bank Ltd.

Retirement benefit in the form of provident fund is a defined benefit plan wherein the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due and when services are rendered by the employees. Further, an actuarial valuation is conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year to determine the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate.

Subsidiaries

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.

Gratuity

Axis Bank Ltd.

The Bank contributes towards gratuity fund (defined benefit retirement plan) administered by various insurers for eligible employees. Under this scheme, the settlement obligations remain with the Bank, although various insurers administer the scheme and determine the contribution premium required to be paid by the Bank. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years

of employment with the Bank. Liability with regard to gratuity fund is accrued based on actuarial valuation conducted by an independent actuary using the Projected Unit Credit Method as at 31 March each year. In respect of employees at overseas branches (other than expatriates) liability with regard to gratuity is provided on the basis of a prescribed method as per local laws, wherever applicable.

Subsidiaries

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 the Profit and Loss Account and are not deferred.

Compensated Absences

Group

Short term compensated absences are provided for based on estimates of encashment/availment of leave. The Group provides long term compensated absences based on actuarial valuation conducted by an independent actuary. The actuarial valuation is carried out as per the Projected Unit Credit Method as at 31 March each year.

Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

Superannuation

Axis Bank Ltd.

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

4.12 Long Term Incentive Plan (LTIP)

Axis Asset Management Company Ltd.

The Company has initiated Axis AMC - Long Term Incentive plan. The points granted to employees as per the guidelines laid down in the plan are encashable after they are held for a specified period as per the terms of the plan. The Company accounts for the liability arising on points granted proportionately over the period from the date of grant till the end of the exercise window. The liability is assessed and provided on the basis of valuation carried out by an independent valuer.

4.13 Reward points

Axis Bank Ltd.

The Bank runs a loyalty program which seeks to recognise and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. In addition, the Bank continues to grant reward points in respect of certain credit cards (not covered under the loyalty program). The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method at the 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.

4.14 Taxation

Group

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets

SIGNIFICANT ACCOUNTING POLICIES (CONT.)

against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. 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 the 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 supported by convincing evidence that such deferred tax asset can be realised against future profits.

4.15 Share issue expenses

Axis Bank Ltd.

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

4.16 Earnings per share

Group

The Bank reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. 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 the year end.

4.17 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 and its subsidiaries. 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 Guidelines'). These Guidelines have been repealed in the month of October, 2014 and were substituted by Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Scheme is in compliance with the said regulations. The Bank follows the intrinsic value method to account for its stock based employee compensation plans as per the Guidelines. 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 grant, on the stock exchange on which the shares of the Bank are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

4.18 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.

NOTES

forming part of the consolidated financial statements for the year ended 31 March, 2016

(Currency: In Indian Rupees)

- The shareholders of the Bank at the 20th Annual General Meeting held on 27 June, 2014, approved the sub-division (split) of one equity share of the Bank from nominal value of ₹10/- each into five equity shares of nominal value of ₹2/- each. The record date for the sub-division was 30 July, 2014. All shares, stock options and per share information in the financial statements reflect the effect of sub-division (split) retrospectively for the earlier reporting periods.

2 Other disclosures

2.1.1 'Provisions and contingencies' recognised in the Profit and Loss Account comprise of:

(₹ in crores)		
For the year ended	31 March, 2016	31 March, 2015
Provision for income tax		
- Current tax	4,406.18	3,987.93
- Deferred tax (Refer 2.1.11)	(73.80)	(153.17)
	4,332.38	3,834.76
Provision for wealth tax	(0.05)	0.93
Provision for non-performing assets (including bad debts written off and write backs)	3,800.46	1,788.61
Provision for restructured assets/strategic debt restructuring	(61.78)	(81.88)
Provision towards standard assets	395.70	292.75
Provision for depreciation in value of investments	84.11	(50.98)
Provision for unhedged foreign currency exposure	1.62	133.66
Provision for other contingencies*	(501.40)	248.05
Total	8,051.04	6,165.90

* includes contingent provision for advances/other exposures, legal cases and other contingencies.

2.1.2 During the year ended 31 March, 2016, the Bank raised subordinated debt of ₹1,500 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
30 September, 2025	120 months	8.50%	₹1,500 crores

During the year ended 31 March, 2015, the Bank raised subordinated debt of ₹850 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
12 February, 2025	120 months	8.45%	₹850 crores

During the year ended 31 March, 2016, the Bank redeemed subordinated debt of ₹370 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
22 March, 2016	120 months	8.75%	₹360 crores
22 March, 2016	120 months	8.56%	₹10 crores

The Bank has not redeemed subordinated debt during the year ended 31 March, 2015.

2.1.3 The Bank has not raised any hybrid capital during the years ended 31 March, 2016 and 31 March, 2015.

2.1.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

As at	31 March, 2016	31 March, 2015
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	8,349.67	7,447.90
Basic weighted average no. of shares (in crores)	237.73	235.98
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	1.30	2.53
Diluted weighted average no. of shares (in crores)	239.03	238.51
Basic EPS (₹)	35.12	31.56
Diluted EPS (₹)	34.93	31.23
Nominal value of shares (₹)	2.00	2.00

Dilution of equity is on account of 13,010,331 (previous year 25,286,978) stock options.

2.1.5 Employee Stock Options Scheme ('the Scheme')

In February 2001, pursuant to the approval of the shareholders at the Extraordinary General Meeting, the Bank approved an Employee Stock Option Scheme. Under the Scheme, the Bank is authorised to issue upto 65,000,000 equity shares to eligible employees. Eligible employees are granted an option to purchase shares subject to vesting conditions. Further, over the period June 2004 to July 2013, pursuant to the approval of the shareholders at Annual General Meetings, the Bank approved an ESOP scheme for additional options aggregating 175,087,000. The options vest in a graded manner over 3 years. The options can be exercised within three/five years from the date of the vesting as the case may be. Within the overall ceiling of 240,087,000 stock options approved for grant by the shareholders as stated earlier, the Bank is also authorised to issue options to employees and directors of the subsidiary companies.

231,975,450 options have been granted under the Scheme till the previous year ended 31 March, 2015.

On 29 April, 2015, the Bank granted 6,844,500 stock options (each option representing entitlement to one equity share of the Bank) to its eligible employees/directors of the Bank/ subsidiary companies at a price of ₹535.00 per option.

On 10 September, 2015, the Bank granted 300,000 stock options (each option representing entitlement to one equity share of the Bank) to one of its Whole Time Directors at a price of ₹486.25 per option.

Stock option activity under the Scheme for the year ended 31 March, 2016 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	41,829,791	100.65 to 306.54	269.17	3.13
Granted during the year	7,144,500	486.25 to 535.00	532.95	-
Forfeited during the year	(970,750)	100.65 to 535.00	350.00	-
Expired during the year	(166,604)	100.65 to 289.51	218.92	-
Exercised during the year	(12,309,627)	100.65 to 306.54	248.05	-
Outstanding at the end of the year	35,527,310	217.33 to 535.00	327.56	3.33
Exercisable at the end of the year	19,856,810	217.33 to 306.54	268.07	1.74

The weighted average share price in respect of options exercised during the year was ₹495.51.

NOTES (CONT.)

Stock option activity under the Scheme for the year ended 31 March, 2015 is set out below:

	Options outstanding	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (Years)
Outstanding at the beginning of the year	54,227,780	100.65 to 289.51	244.45	2.44
Granted during the year	9,922,500	306.54	306.54	-
Forfeited during the year	(293,290)	100.65 to 306.54	253.57	-
Expired during the year	(727,765)	100.65 to 242.96	209.14	-
Exercised during the year	(21,299,434)	100.65 to 289.51	225.90	-
Outstanding at the end of the year	41,829,791	100.65 to 306.54	269.17	3.13
Exercisable at the end of the year	21,204,291	100.65 to 289.51	256.34	1.57

The weighted average share price in respect of options exercised during the year was ₹444.13.

Fair Value Methodology

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

	31 March, 2016	31 March, 2015
Net Profit (as reported) (₹ in crores)	8,349.67	7,447.90
Add: Stock based employee compensation expense included in net income (₹ in crores)	-	-
Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	(103.06)	(90.26)
Net Profit (Proforma) (₹ in crores)	8,246.61	7,357.64
Earnings per share: Basic (in ₹)		
As reported	35.12	31.56
Proforma	34.69	31.18
Earnings per share: Diluted (in ₹)		
As reported	34.93	31.23
Proforma	34.51	30.87

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, 2016	31 March, 2015
Dividend yield	1.40%	1.32%
Expected life	2.57-4.57 years	2.57-4.57 years
Risk free interest rate	7.61% to 7.78%	8.62% to 8.78%
Volatility	34.85% to 36.51%	35.77% to 38.01%

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

The weighted average fair value of options granted during the year ended 31 March, 2016 is ₹178.22 (previous year ₹109.72).

2.1.6 Proposed Dividend

The Board of Directors, in their meeting held on 26 April, 2016 have proposed a final dividend of ₹5.00 per equity share amounting to ₹1,404.61 crore, inclusive of corporate dividend tax. The proposal is subject to the approval of shareholders at the Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of corporate affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, dated 30 March, 2016 proposed dividend is not recognised as a liability as on 31 March, 2016. Accordingly, the balance of Reserves and Surplus is higher by ₹1,404.61 crores (including corporate dividend tax) and the balance of Other Liabilities is lower by an equivalent amount as on 31 March, 2016.

Appropriation to proposed dividend during the year ended 31 March, 2016 represents dividend of ₹2.81 crores (previous year ₹3.41 crores) paid pursuant to exercise of employee stock options after the previous year end but before the record date for declaration of dividend for the year ended 31 March, 2015.

2.1.7 Segmental reporting

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

Segment	Principal Activities
Treasury	Treasury operations include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the proprietary account and for customers. The Treasury segment also includes the central funding unit.
Retail Banking	Constitutes lending to individuals/small businesses through the branch network and other delivery channels subject to the orientation, nature of product, granularity of the exposure and the quantum thereof. Retail Banking activities also include liability products, card services, internet banking, mobile banking, ATM services, depository, financial advisory services and NRI services.
Corporate/Wholesale Banking	Includes corporate relationships not included under Retail Banking, corporate advisory services, placements and syndication, project appraisals, capital market related services and cash management services.
Other Banking Business	Includes para banking activities like third party product distribution and other banking transactions not covered under any of the above three segments.

Business segments in respect of operations of the subsidiaries have been identified and reported taking into account the customer profile, the nature of product and services and the organisation structure.

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

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

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

NOTES (CONT.)

Segmental results are set out below:

(₹ in crores)

	31 March, 2016				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	11,223.76	15,664.85	14,520.61	0.03	41,409.25
Other income	2,526.88	3,543.79	2,802.26	1,082.05	9,954.98
Total income as per Profit and Loss Account	13,750.64	19,208.64	17,322.87	1,082.08	51,364.23
Add/(less) inter segment interest income	46,475.49	4,816.81	16,769.97	-	68,062.27
Total segment revenue	60,226.13	24,025.45	34,092.84	1,082.08	119,426.50
Less: Interest expense (external customers)	11,581.63	688.24	12,074.37	-	24,344.24
Less: Inter segment interest expense	44,734.13	11,743.24	11,584.76	0.14	68,062.27
Less: Operating expenses	401.76	2,725.83	7,159.04	324.74	10,611.37
Operating profit	3,508.61	8,868.14	3,274.67	757.20	16,408.62
Less: Provision for non-performing assets/others*	189.97	3,014.39	514.29	-	3,718.65
Segment result	3,318.64	5,853.75	2,760.38	757.20	12,689.97
Less: Provision for tax					4,332.38
Net Profit before minority interest and earnings from Associate					8,357.59
Less: Minority Interest					7.92
Add: Share of Profit in Associate					-
Extraordinary profit/loss					-
Net Profit					8,349.67
Segment assets	174,853.29	197,317.53	156,752.54	677.50	529,600.86
Unallocated assets					2,432.35
Total assets					532,033.21
Segment liabilities	171,790.45	93,135.46	213,406.72	84.98	478,417.61
Unallocated liabilities ⁽¹⁾					56.84
Total liabilities					478,474.45
Net assets	3,062.84	104,182.07	(56,654.18)	592.52	53,558.76
Capital Expenditure for the year	60.37	418.83	874.63	29.84	1,383.67
Depreciation on fixed assets for the year	21.03	140.53	288.42	11.41	461.39

(1) Includes minority interest of ₹39.05 crores

* represents material non-cash items other than depreciation

(₹ in crores)

	31 March, 2015				
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	Total
Segment Revenue					
Gross interest income (external customers)	9,631.37	14,021.28	12,074.81	-	35,727.46
Other income	2,236.04	3,469.30	2,247.82	884.95	8,838.11
Total income as per Profit and Loss Account	11,867.41	17,490.58	14,322.63	884.95	44,565.57
Add/(less) inter segment interest income	39,936.35	4,209.43	14,070.80	-	58,216.58
Total segment revenue	51,803.76	21,700.01	28,393.43	884.95	102,782.15
Less: Interest expense (external customers)	10,296.55	545.78	10,498.93	-	21,341.26
Less: Inter segment interest expense	38,016.17	10,505.60	9,694.81	-	58,216.58
Less: Operating expenses	393.23	2,447.12	6,536.18	233.40	9,609.93
Operating profit	3,097.81	8,201.51	1,663.51	651.55	13,614.38
Less: Provision for non-performing assets/others*	13.36	1,861.60	455.25	0.93	2,331.14
Segment result	3,084.45	6,339.91	1,208.26	650.62	11,283.24
Less: Provision for tax					3,834.76
Net Profit before minority interest and earnings from Associate					7,448.48
Less: Minority Interest					1.94
Add: Share of Profit in Associate					1.36
Extraordinary profit/loss					-
Net Profit					7,447.90
Segment assets	170,594.43	165,774.84	127,984.63	655.52	465,009.42
Unallocated assets					2,233.55
Total assets					467,242.97
Segment liabilities	155,708.13	80,846.22	184,273.04	98.02	420,925.41
Unallocated liabilities ⁽¹⁾					1,367.97
Total liabilities					422,293.38
Net assets	14,886.30	84,928.62	(56,288.41)	557.50	44,949.59
Capital Expenditure for the year	13.31	161.16	350.08	10.45	535.00
Depreciation on fixed assets for the year	11.30	127.77	273.28	7.29	419.64

(1) Includes minority interest of ₹31.14 crores

* represents material non-cash items other than depreciation

Geographic Segments

(₹ in crores)

	Domestic		International		Total	
	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015	31 March, 2016	31 March, 2015
Revenue	48,466.41	41,868.17	2,897.82	2,697.40	51,364.23	44,565.57
Assets	474,750.57	415,884.38	57,282.64	51,358.59	532,033.21	467,242.97
Capital Expenditure for the year	1,378.32	532.65	5.35	2.35	1,383.67	535.00
Depreciation on fixed assets for the year	452.92	411.61	8.47	8.03	461.39	419.64

NOTES (CONT.)

2.1.8 Related party disclosure

The related parties of the Group are broadly classified as:

a) Promoters

The Bank has identified the following entities as its Promoters.

- Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)
- Life Insurance Corporation of India (LIC)
- General Insurance Corporation and four Government-owned general insurance companies – New India Assurance Co. Limited, National Insurance Co. Limited, United India Insurance Co. Limited and The Oriental Insurance Co. Limited

b) Key Management Personnel

- Mrs. Shikha Sharma (Managing Director & Chief Executive Officer)
- Mr. V. Srinivasan (Deputy Managing Director)
- Mr. Sanjeev K. Gupta [Executive Director (Corporate Centre) upto 18 March, 2016]

c) Relatives of Key Management Personnel

Mr. Sanjaya Sharma, Mrs. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Mrs. Gayathri Srinivasan, Mrs. Vanjulam Varadarajan, Mr. V. Satish, Mrs. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Ranganathan, Mr. R. Narayan, Mr. S. Narayanan, Mrs. Poonam Gupta, Mr. Somya Gupta, Mr. Shubham Gupta, Mr. Rajeev Agarwal and Mr. Deepak Kumar Gupta.

The significant transactions between the Bank and related parties during the year ended 31 March, 2016 and 31 March, 2015 are given below. A specific related party transaction is disclosed as a significant related party transaction wherever it exceeds 10% of the aggregate value of all related party transactions in that category:

- Dividend paid: Administrator of The Specified Undertaking of the Unit Trust of India ₹126.43 crores (previous year ₹109.94 crores), Life Insurance Corporation of India ₹130.91 crores (previous year ₹127.35 crores)
- Interest paid: Administrator of The Specified Undertaking of the Unit Trust of India ₹70.97 crores (previous year ₹41.75 crores) and Life Insurance Corporation of India ₹530.85 crores (previous year ₹744.04 crores)
- Interest received: Life Insurance Corporation of India ₹0.37 crores (previous year ₹0.04 crores) and New India Assurance Company Ltd. ₹0.01 crores (previous year ₹0.01 crores)
- Investment of related party in bonds of the Bank: Life Insurance Corporation of India Nil (previous year ₹500.00 crores)
- Investment of related party in the Bank: Mrs. Shikha Sharma ₹16.08 crores (previous year ₹22.65 crores), Mr. V. Srinivasan ₹11.52 crores (previous year ₹6.81 crores) and Mr. Sanjeev K. Gupta ₹11.43 crores (previous year ₹3.25 crores)
- Redemption of subordinated debt: Life Insurance Corporation of India ₹50.00 crores (previous year Nil)
- Sale of Investments: General Insurance Corporation of India ₹195.00 crores (previous year ₹211.06 crores), New India Assurance Company Ltd. Nil (previous year ₹50.00 crores), National Insurance Company Ltd. ₹80.12 crores (previous year ₹222.34 crores), United India Insurance Company Ltd. ₹50.00 crores (previous year ₹120.02 crores)

- Management Contracts: Mrs. Shikha Sharma ₹5.37 crores (previous year ₹4.18 crores), Mr. V. Srinivasan ₹3.39 crores (previous year ₹2.46 crores) and Mr. Sanjeev K. Gupta ₹4.41 crores (previous year ₹0.84 crores)
- Contribution to employee benefit fund: Life Insurance Corporation of India ₹15.67 crores (previous year ₹16.04 crores)
- Placement of Deposit by the Bank: Life Insurance Corporation of India ₹0.08 crores (previous year ₹0.14 crores)
- Non-funded commitments (net): Life Insurance Corporation of India Nil (previous year ₹0.01 crores) and National Insurance Company Ltd. ₹0.07 crores (previous year Nil)
- Advance granted (net): Life Insurance Corporation of India Ltd. ₹1.05 crores (previous year ₹0.04 crores)
- Advance repaid: Mrs. Shikha Sharma ₹0.04 crores (previous year ₹0.04 crores) and Mr. Sanjeev K. Gupta ₹0.62 crores (previous year ₹0.03 crores)
- Receiving of services: Oriental Insurance Company Ltd. ₹57.88 crores (previous year ₹61.47 crores), New India Assurance Company Ltd. ₹14.39 crores (previous year ₹8.28 crores)
- Rendering of services: Life Insurance Corporation of India ₹2.03 crores (previous year ₹1.81 crores), Oriental Insurance Company Ltd. ₹0.47 crores (previous year ₹0.06 crores) and New India Assurance Company Ltd. ₹0.26 crores (previous year ₹0.31 crores)
- Other reimbursement to related party: Life Insurance Corporation of India ₹0.40 crores (previous year ₹0.37 crores)

The details of transactions of the Bank with its related parties during the year ended 31 March, 2016 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Dividend paid	299.18	0.40	-	299.58
Interest paid	644.89	0.07	0.32	645.28
Interest received	0.38	0.03	-	0.41
Investment of related party in the Bank	-	39.03	-	39.03
Redemption of Subordinated Debt	50.00	-	-	50.00
Purchase of investments	-	-	-	-
Sale of investments	325.12	-	-	325.12
Management contracts	-	13.18	-	13.18
Contribution to employee benefit fund	15.67	-	-	15.67
Purchase of fixed assets	-	-	-	-
Sale of fixed assets	-	-	-	-
Placement of deposits	0.08	-	-	0.08
Non-funded commitments (net)	0.05	-	-	0.05
Advance granted (net)	1.05	-	-	1.05
Advance repaid	-	0.66	-	0.66
Receiving of services	79.24	-	-	79.24
Rendering of services	2.76	0.03	-	2.79
Other reimbursements from related party	-	-	-	-
Other reimbursements to related party	0.40	-	-	0.40

NOTES (CONT.)

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2016 are given below:
(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	7,839.14	1.03	1.97	7,842.14
Placement of deposits	0.38	-	-	0.38
Advances	12.89	0.37	0.03	13.29
Investment of related party in the Bank	141.68	0.28	-	141.96
Non-funded commitments	3.17	-	-	3.17
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	3,320.00	-	-	3,320.00
Payable under management contracts	-	1.37	-	1.37
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2016 are given below:

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	12,103.47	9.76	10.21	12,123.44
Placement of deposits	0.41	-	-	0.41
Advances	19.91	0.99	0.09	20.99
Investment of related party in the Bank	143.43	0.28	-	143.71
Non-funded commitments	3.19	-	-	3.19
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	3,370.00	-	-	3,370.00
Payable under management contracts	-	1.64	-	1.64
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

The details of transactions of the Bank with its related parties during the year ended 31 March, 2015 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Dividend paid	275.28	0.28	-	275.56
Interest paid	810.09	0.30	0.28	810.67
Interest received	0.05	0.12	-	0.17
Investment of related party in the Bank	-	39.74	-	39.74
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	550.00	-	-	550.00
Redemption of Subordinated Debt	-	-	-	-
Purchase of investments	-	-	-	-
Sale of investments	658.93	-	-	658.93
Management contracts	-	11.99	-	11.99
Contribution to employee benefit fund	16.04	-	-	16.04
Purchase of fixed assets	-	-	-	-
Sale of fixed assets	-	-	-	-
Placement of deposits	0.14	-	-	0.14
Non-funded commitments (net)	0.08	-	-	0.08
Advance granted (net)	0.04	-	-	0.04
Advance repaid	-	0.23	-	0.23
Receiving of services	78.43	-	-	78.43
Rendering of services	2.18	-	-	2.18
Other reimbursements from related party	-	-	-	-
Other reimbursements to related party	0.37	-	-	0.37

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2015 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	8,347.06	1.78	4.52	8,353.36
Placement of deposits	0.30	-	-	0.30
Advances	1.02	0.77	0.02	1.81
Investment of related party in the Bank	132.42	0.17	-	132.59
Non-funded commitments	3.12	-	-	3.12
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	3,370.00	-	-	3,370.00
Payable under management contracts	-	0.90	-	0.90
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

NOTES (CONT.)

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2015 are given below:

Items/Related Party	(₹ in crores)			
	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings from the Bank	-	-	-	-
Deposits with the Bank	13,937.88	15.50	6.61	13,959.99
Placement of deposits	0.30	-	-	0.30
Advances	50.43	1.61	-	52.04
Investment of related party in the Bank	138.78	0.17	-	138.95
Non-funded commitments	3.13	-	-	3.13
Investment of related party in Subordinated Debt/Hybrid Capital/Bonds of the Bank	3,370.00	-	-	3,370.00
Payable under management contracts	-	0.90	-	0.90
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

2.1.9 Leases

Disclosure in respect of assets taken on operating lease

This comprise of office premises/ATMs, cash deposit machines, electronic data capturing machines and IT equipment.

	(₹ in crores)	
	31 March, 2016	31 March, 2015
Future lease rentals payable as at the end of the year:		
- Not later than one year	672.00	630.57
- Later than one year and not later than five years	2,136.83	2,003.87
- Later than five years	1,280.66	997.41
Total of minimum lease payments recognised in the Profit and Loss Account for the year	511.36	667.43

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 generally no undue restrictions or onerous clauses in the agreements.

2.1.10 Other Fixed Assets (including furniture & fixtures)

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

Particulars	(₹ in crores)	
	31 March, 2016	31 March, 2015
At cost at the beginning of the year	741.94	610.08
Additions during the year	148.17	132.03
Deductions during the year	(2.97)	(0.16)
Accumulated depreciation as at 31 March	(582.79)	(478.13)
Closing balance as at 31 March	304.35	263.82
Depreciation charge for the year	107.57	86.47

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

(₹ in crores)

As at	31 March, 2016	31 March, 2015
Deferred tax assets on account of provisions for doubtful debts	1,715.49	1,385.48
Deferred tax assets on account of amortisation of HTM investments	26.33	37.70
Deferred tax assets on account of provision for employee benefits	74.25	75.99
Deferred tax assets on account of other items	327.50	441.19
Deferred tax assets	2,143.57	1,940.36
Deferred tax liability on account of depreciation on fixed assets	48.64	45.90
Deferred tax liabilities on account of other items	126.69	0.02
Deferred tax liabilities	175.33	45.92
Net deferred tax asset	1,968.24	1,894.44

2.1.12 Employee Benefits

Group

Provident Fund

The contribution to the employee's provident fund (including Employee Pension Scheme) of the Group amounted to ₹130.35 crores for the year ended 31 March, 2016 (previous year ₹118.57 crores).

Axis Bank Ltd.

The rules of the Bank's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Bank. Based on an actuarial valuation conducted by an independent actuary, there is no deficiency as at the Balance Sheet date for the Bank.

The following tables summarise 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 Provident Fund benefit plan.

Profit and Loss Account

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

(₹ in crores)

	31 March, 2016	31 March, 2015
Current Service Cost	65.55	67.98
Interest on Defined Benefit Obligation	99.45	95.04
Expected Return on Plan Assets	(117.69)	(97.25)
Net Actuarial Losses/(Gains) recognised in the year	18.25	2.21
Total included in "Employee Benefit Expense" [Schedule 16(I)]	65.56	67.98
Actual Return on Plan Assets	99.04	93.26

Balance Sheet

Details of provision for provident fund

(₹ in crores)

	31 March, 2016	31 March, 2015
Fair Value of Plan Assets	1,437.90	1,240.83
Present Value of Funded Obligations	(1,437.90)	(1,240.83)
Net Asset	-	-
Amounts in Balance Sheet		
Liabilities	-	-
Assets	-	-
Net Asset (included under Schedule 11 – Other Assets)	-	-

NOTES (CONT.)

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

(₹ in crores)

	31 March, 2016	31 March, 2015
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	1,240.83	1,013.25
Current Service Cost	65.55	67.98
Interest Cost	99.45	95.04
Actuarial Losses/(Gains)	12.08	(1.78)
Employees Contribution	160.81	152.02
Liability transferred from/to other companies	(11.96)	0.71
Benefits Paid	(128.86)	(86.39)
Closing Defined Benefit Obligation	1,437.90	1,240.83

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

(₹ in crores)

	31 March, 2016	31 March, 2015
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	1,240.83	1,013.25
Expected Return on Plan Assets	117.69	97.25
Actuarial Gains/(Losses)	(6.16)	(3.99)
Employer contribution during the period	65.55	67.98
Employee contribution during the period	160.81	152.02
Assets transferred from/to other companies	(11.96)	0.71
Benefits Paid	(128.86)	(86.39)
Closing Fair Value of Plan Assets	1,437.90	1,240.83

Experience adjustments*

(₹ in crores)

	31 March, 2016	31 March, 2015	31 March, 2014
Defined Benefit Obligations	1,437.90	1,240.83	1,013.25
Plan Assets	1,437.90	1,240.83	1,013.25
Surplus/(Deficit)	-	-	-
Experience Adjustments on Plan Liabilities	12.08	(1.78)	53.03
Experience Adjustments on Plan Assets	(6.16)	(3.99)	41.42

* information provided to the extent available with the Bank

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2016 %	31 March, 2015 %
Government securities	53.04	52.84
Bonds, debentures and other fixed income instruments	30.74	30.13
Equity shares	-	12.15
Others	16.22	4.88

Principal actuarial assumptions at the balance sheet date:

	31 March, 2016	31 March, 2015
Discount rate for the term of the obligation	7.95%	8.00%
Average historic yield on the investment portfolio	9.01%	9.01%
Discount rate for the remaining term to maturity of the investment portfolio	7.94%	7.89%
Expected investment return	9.02%	9.12%
Guaranteed rate of return	8.75%	8.75%

Superannuation

The Bank contributed ₹15.61 crores to the employee's superannuation plan for the year ended 31 March, 2016 (previous year ₹15.99 crores).

Group

Leave Encashment

The actuarial liability of compensated absences of accumulated privileged leave of the employees of the Group is given below:

(₹ in crores)

	As at 31 March, 2016				
	Axis Bank Ltd.	Axis Capital Ltd.	Axis Securities Ltd.	Axis Asset Management Company Ltd.	Axis Finance Ltd.
Actuarial liability – Privilege Leave	209.10	0.11	0.17	0.41	0.13
Total Expense included under Schedule 16 (I)	16.71	-*	(0.27)	0.12	0.09
Assumptions					
Discount rate	7.95% p.a.	7.85% p.a.	7.20% p.a.	8.00% p.a.	7.96% p.a.
Salary escalation rate	7.00% p.a.	7.00% p.a.	7.00% p.a.	9.00% p.a.	7.00% p.a.

*less than ₹50,000

(₹ in crores)

	As at 31 March, 2015				
	Axis Bank Ltd.	Axis Capital Ltd.	Axis Securities Ltd.	Axis Asset Management Company Ltd.	Axis Finance Ltd.
Actuarial liability – Privilege Leave	210.76	0.11	0.09	0.31	0.10
Total Expense included under Schedule 16 (I)	66.35	-*	0.61	0.31	0.07
Assumptions					
Discount rate	8.00% p.a.	7.92% p.a.	8.25% p.a.	7.76% p.a.	7.95% p.a.
Salary escalation rate	7.00% p.a.	7.00% p.a.	7.00% p.a.	9.00% p.a.	7.00% p.a.

*less than ₹50,000

NOTES (CONT.)

Group

Gratuity

The following tables summarize the components of net benefit expenses recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet for the Gratuity benefit plan.

Profit and Loss Account

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

	(₹ in crores)	
	31 March, 2016	31 March, 2015
Current Service Cost	31.68	26.19
Interest on Defined Benefit Obligation	18.94	16.69
Expected Return on Plan Assets	(16.42)	(12.56)
Net Actuarial Losses/(Gains) recognised in the year	9.51	20.56
Past Service Cost	-	-
Total included in "Employee Benefit Expense" [Schedule 16(I)]	43.71	50.88
Actual Return on Plan Assets	11.14	13.87

Balance Sheet

Details of provision for gratuity

	(₹ in crores)	
	31 March, 2016	31 March, 2015
Present Value of Funded Obligations	(244.85)	(218.42)
Present Value of un-funded Obligations	(1.99)	(1.53)
Fair Value of Plan Assets	243.00	219.26
Net (Liability)/Asset	(3.84)	(0.69)
Amounts in Balance Sheet		
Liabilities (included under Schedule 5 – Other Liabilities)	(3.85)	(3.22)
Assets (included under Schedule 11 – Other Assets)	0.01	2.53
Net (Liability)/Asset	(3.84)	(0.69)

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

	(₹ in crores)	
	31 March, 2016	31 March, 2015
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	219.95	168.99
Current Service Cost	31.68	26.19
Interest Cost	18.94	16.69
Actuarial Losses/(Gains)	4.23	21.17
Past Service Cost	-	-
Liabilities transferred in	-	-
Benefits Paid	(27.96)	(13.09)
Closing Defined Benefit Obligation	246.84	219.95

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

(₹ in crores)

	31 March, 2016	31 March, 2015
Opening Fair Value of Plan Assets	219.26	171.76
Expected Return on Plan Assets	16.42	12.56
Actuarial Gains/(Losses)	(5.28)	0.61
Contributions by Employer	40.38	47.31
Benefits Paid	(27.78)	(12.98)
Closing Fair Value of Plan Assets	243.00	219.26

Experience adjustments

(₹ in crores)

	31 March, 2016	31 March, 2015	31 March, 2014	31 March, 2013	31 March, 2012
Defined Benefit Obligations	246.84	219.95	168.99	147.25	94.82
Plan Assets	243.00	219.26	171.76	152.17	98.21
Surplus/(Deficit)	(3.84)	(0.69)	2.77	4.92	3.39
Experience Adjustments on Plan Liabilities	2.98	0.76	7.45	4.66	27.31
Experience Adjustments on Plan Assets	(5.28)	1.39	2.30	2.07	0.48

Axis Bank Ltd.

Major categories of plan assets (managed by Insurers) as a percentage of fair value of total plan assets

	31 March, 2016 %	31 March, 2015 %
Government securities	49.15	39.17
Bonds, debentures and other fixed income instruments	39.34	41.35
Money market instruments	5.69	6.37
Equity shares	2.62	1.18
Others	3.20	11.93

Principal actuarial assumptions at the balance sheet date:

	31 March, 2016	31 March, 2015
Discount Rate	7.95% p.a.	8.00% p.a.
Expected rate of Return on Plan Assets	7.50% p.a.	7.50% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover		
- 21 to 30 (age in years)	19.00%	19.00%
- 31 to 44 (age in years)	8.00%	8.00%
- 45 to 59 (age in years)	4.00%	4.00%

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.

NOTES (CONT.)

The above information is as certified by the actuary and relied upon by the auditors.

Axis Capital Ltd.

	31 March, 2016	31 March, 2015
The major categories of plan assets* as a percentage of fair value of total plan assets – Insurer Managed Funds	100.00	100.00

*composition of plan assets is not available

	31 March, 2016	31 March, 2015
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.85% p.a.	7.92% p.a.
Expected rate of Return on Plan Assets	7.85% p.a.	7.92% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	7.00%	7.00%

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

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The Company expects to contribute ₹0.26 crores as gratuity in the year 2016-17 (previous year ₹0.89 crores).

Axis Asset Management Company Ltd.

	31 March, 2016	31 March, 2015
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	8.00% p.a.	7.76% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	9.00% p.a.	9.00% p.a.
Employee Turnover	10.00%	10.00%

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.

Axis Securities Ltd.

	31 March, 2016	31 March, 2015
The major categories of plan assets* as a percentage of fair value of total plan assets – Insurer Managed Funds	100.00	100.00

*composition of plan assets is not available

	31 March, 2016	31 March, 2015
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.20% p.a.	8.25% p.a.
Expected rate of Return on Plan Assets	7.20% p.a.	7.50% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	7.00%	7.00%

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.

The Company expects to contribute ₹1.00 crore as gratuity in the year 2016-17 (previous year ₹1.00 crores).

Axis Finance Ltd.

	31 March, 2016	31 March, 2015
The major categories of plan assets* as a percentage of fair value of total plan assets – Insurer Managed Funds	100.00	100.00

*composition of plan assets is not available

	31 March, 2016	31 March, 2015
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.96% p.a.	7.97% p.a.
Expected rate of Return on Plan Assets	7.96% p.a.	7.97% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	5.00%	5.00%

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.

Axis Trustee Services Ltd.

	31 March, 2016	31 March, 2015
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.38% p.a.	7.90% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	15.00% p.a.	15.00% p.a.
Employee Turnover	30.00%	20.00%

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

2.1.13 Provisions and contingencies

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

	(₹ in crores)	
	31 March, 2016	31 March, 2015
Opening balance at the beginning of the year	24.80	14.06
Additions during the year	15.78	11.27
Reductions on account of payments during the year	-	(0.23)
Reductions on account of reversals during the year	(0.76)	(0.30)
Closing balance at the end of the year	39.82	24.80

NOTES (CONT.)

- b) Other liabilities include provision for reward points made on actuarial basis, the movement of which is set out below:
(₹ in crores)

	31 March, 2016	31 March, 2015
Opening provision at the beginning of the year	83.19	85.31
Provision made during the year	62.14	8.39
Reductions during the year	(17.95)	(10.51)
Closing provision at the end of the year	127.38	83.19

- c) Movement in provision for other contingencies is set out below:

	31 March, 2016	31 March, 2015
Opening provision at the beginning of the year	1,058.68	821.61
Provision made during the year	1,342.21	824.50
Reductions during the year	(1,861.80)	(587.43)
Closing provision at the end of the year	539.09	1,058.68

The above provision includes contingent provision for advances/other exposures, legal cases and other contingencies.

2.1.14 Description of contingent liabilities

- a) Claims against the Group not acknowledged as debts

These represent claims filed against the Group in the normal course of business relating to various legal cases currently in progress. These also include demands raised by income tax authorities and disputed by the Group. Apart from claims assessed as possible, the Group holds provision of ₹26.00 crores as on 31 March, 2016 (previous year ₹27.13 crores) towards claims assessed as probable.

- b) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, currency options/swaps, interest rate/currency 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. An Exchange Traded Currency Option contract is a standardised foreign exchange derivative contract, which gives the owner the right, but not the obligation, to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date on the date of expiry. Currency Futures contract is a standardised, exchange-traded contract, to buy or sell a certain underlying currency at a certain date in the future, at a specified price.

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, notional principal on account of outstanding Tom/Spot foreign exchange contracts, commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end, demands raised by statutory authorities (other than income tax) and disputed by the Group and the amount transferred to Depositor Education and Awareness Fund (DEAF).

The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements, where applicable.

2.1.15 Comparative Figures

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

For Axis Bank Ltd.

Sanjiv Misra
Chairman

V. R. Kaundinya
Director

Samir K. Barua
Director

S. Vishvanathan
Director

Rakesh Makhija
Director

Shikha Sharma
Managing Director & CEO

Date : 26 April, 2016
Place: Mumbai

Girish V. Koliyote
Company Secretary

Jairam Sridharan
Chief Financial Officer

V. Srinivasan
Deputy Managing Director