

18 Notes forming part of the consolidated financial statements

For the year ended 31 March, 2019

1.1 Disclosures

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

(₹ in crores)

For the year ended	31 March, 2019	31 March, 2018
Provision for income tax		
- Current tax	3,271.12	1,951.55
- Deferred tax (Refer 1.1.11)	(726.16)	(1,849.69)
	2,544.96	101.86
Provision for non-performing assets (including bad debts written off and write backs)	10,272.11	16,630.57
Provision for restructured assets/strategic debt restructuring/ sustainable structuring	(19.66)	(307.16)
Provision towards standard assets	814.31	(124.37)
Provision for depreciation in value of investments	296.54	(207.67)
Provision for unhedged foreign currency exposure	18.79	(9.30)
Provision for country risk	-	(19.94)
Provision for other contingencies*	654.60	(443.39)
Total	14,581.65	15,620.60

* includes provision for non-banking assets, legal cases and other contingencies

1.1.2 During the year ended 31 March, 2019, the Bank has not raised debt instruments eligible for Tier-I/Tier-II capital.

During the year ended 31 March, 2018, the Bank raised debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier-II	15 June, 2027	120 months	7.66% p.a.	₹5,000 crores
Perpetual debt	Additional Tier I	-*	-	8.75% p.a.	₹3,500 crores

*Call option on expiry of 60 months from the date of allotment

During the year ended 31 March, 2019, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Subordinated debt	Tier II	7 November, 2018	120 months	11.75% p.a.	₹1,500 crores
Subordinated debt	Tier II	28 March, 2019	120 months	9.95%p.a.	₹200 crores

During the year ended 31 March, 2018, the Bank redeemed debt instruments eligible for Tier-I/Tier-II capital, the details of which are set out below:

Instrument	Capital	Date of maturity	Period	Coupon	Amount
Upper Tier-II	Tier-II	28 June, 2017*	180 months	7.125% p.a.	\$60 million

* represents call date

1.1.3 Divergence in Asset Classification and Provisioning for NPAs

In terms of the RBI circular no. DBR.BP.BC.No.32/21.04.018/2018-19 dated 01 April, 2019, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements, wherever either or both of the following conditions are satisfied: (a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period and (b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period.

Based on the above, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's annual supervisory process for the year ended 31 March, 2018.

1.1.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

As at	31 March, 2019	31 March, 2018
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	5,038.59	455.82
Basic weighted average no. of shares (in crores)	256.90	244.51
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	1.58	0.75
Diluted weighted average no. of shares (in crores)	258.48	245.26
Basic EPS (₹)	19.61	1.86
Diluted EPS (₹)	19.49	1.86
Nominal value of shares (₹)	2.00	2.00

Dilution of equity is on account of 9,813,655 stock options and 6,033,509 warrants (previous year 7,517,504 stock options)

1.1.5 Employee Stock Options Scheme ('the Scheme')

Pursuant to the approval of the shareholders in February 2001, the Bank approved an Employee Stock Option Scheme under which eligible employees are granted an option to purchase shares subject to vesting conditions. Over the period till December 2018, pursuant to the approval of the shareholders the Bank approved ESOP schemes for options aggregating 265,087,000 that 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 265,087,000 stock options approved for grant by the shareholders as stated earlier, the Bank is also authorised to issue options to eligible employees and Whole Time Directors of the subsidiary companies.

253,158,700 options have been granted under the Scheme till the previous year ended 31 March, 2018.

On 25 April, 2018, the Bank granted 5,825,000 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 grant price of ₹504.85 per option. Further, on 7 January, 2019, the Bank granted 630,000 stock options (each option representing entitlement to one equity share of the Bank) to its MD & CEO at a grant price of ₹619.60 per option.

Stock option activity under the Scheme for the year ended 31 March, 2019 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	29,554,909	217.33 to 535.00	432.45	4.22
Granted during the year	6,455,000	504.85 to 619.60	516.05	-
Forfeited during the year	(748,700)	306.54 to 535.00	500.67	-
Expired during the year	(22,400)	288.96	288.96	-
Exercised during the year	(5,105,935)	217.33 to 535.00	336.29	-
Outstanding at the end of the year	30,132,874	288.96 to 619.60	465.06	4.13
Exercisable at the end of the year	17,138,224	288.96 to 535.00	436.22	2.87

The weighted average share price in respect of options exercised during the year was ₹623.15.

Stock option activity under the Scheme for the year ended 31 March, 2018 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	29,711,124	217.33 to 535.00	383.16	3.98
Granted during the year	6,885,750	503.00	503.00	-
Forfeited during the year	(810,120)	306.54 to 535.00	470.15	-
Expired during the year	(57,910)	217.33 to 289.51	275.32	-
Exercised during the year	(6,173,935)	217.33 to 535.00	270.47	-
Outstanding at the end of the year	29,554,909	217.33 to 535.00	432.45	4.22
Exercisable at the end of the year	16,062,159	217.33 to 535.00	378.40	2.85

The weighted average share price in respect of options exercised during the year was ₹524.51.

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, 2019	31 March, 2018
Net Profit (as reported) (₹ in crores)	5,038.59	455.82
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)	(95.04)	(102.86)
Net Profit (Proforma) (₹ in crores)	4,943.55	352.96
Earnings per share: Basic (in ₹)		
As reported	19.61	1.86
Proforma	19.24	1.44
Earnings per share: Diluted (in ₹)		
As reported	19.49	1.86
Proforma	19.18	1.44

During the years ended, 31 March, 2019 and 31 March, 2018, no cost has been incurred by the Bank on ESOPs issued to the employees of the Bank and employees of subsidiaries under the intrinsic value method.

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, 2019	31 March, 2018
Dividend yield	0.76%	1.16%
Expected life	2.57-4.57 years	2.57-4.57 years
Risk free interest rate	7.07% to 7.63%	6.55% to 6.82%
Volatility	28.78% to 30.82%	31.80% to 33.56%

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, 2019 is ₹164.10 (previous year ₹155.53).

On 27 March, 2019, the Nomination and Remuneration Committee of the Board of Directors of the Bank has approved the grant of upto 10,500,000 stock options to eligible employees. As on 31 March, 2019, there have been no allotments of options under this grant. Accordingly, these options have not been considered in the above disclosure and for disclosure of proforma net profit and EPS under fair value method for FY 2018-19.

1.1.6 Proposed Dividend

The Board of Directors, in their meeting held on 25 April, 2019 have proposed a final dividend of ₹1 per equity share amounting to ₹283.08 crore, inclusive of corporate dividend tax. The proposal is subject to the approval of shareholders at the Annual General Meeting.

1.1.7 Segmental reporting

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

Segment	Principal Activities
Treasury	Treasury operations include investments in sovereign and corporate debt, equity and mutual funds, trading operations, derivative trading and foreign exchange operations on the proprietary account and for customers. 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.

Unallocated assets and liabilities - All items which are reckoned at an enterprise level are classified under this segment such as deferred tax, money received against share warrants, tax paid in advance net of provision etc.

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.

Segmental results are set out below:

(₹ in crores)

	31 March, 2019				Total
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	
Segment Revenue					
Gross interest income (external customers)	13,874.76	18,442.28	23,726.61	-	56,043.65
Other income	2,254.14	4,686.91	5,447.93	1,799.77	14,188.75
Total income as per Profit and Loss Account	16,128.90	23,129.19	29,174.54	1,799.77	70,232.40
Add/(less) inter segment interest income	57,991.83	6,175.11	20,249.77	0.01	84,416.72
Total segment revenue	74,120.73	29,304.30	49,424.31	1,799.78	154,649.12
Less: Interest expense (external customers)	16,956.96	1,661.64	15,264.87	-	33,883.47
Less: Inter segment interest expense	54,359.22	13,520.57	16,536.06	0.87	84,416.72
Less: Operating expenses	425.22	4,048.91	11,459.17	786.89	16,720.19
Operating profit	2,379.33	10,073.18	6,164.21	1,012.02	19,628.74
Less: Provision for non-performing assets/others*	686.64	9,081.46	2,248.59	20.00	12,036.69
Segment result	1,692.69	991.72	3,915.62	992.02	7,592.05
Less: Provision for tax					2,544.96

	31 March, 2019				Total
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	
Net Profit before minority interest and earnings from Associate					5,047.09
Less: Minority Interest					8.50
Add: Share of Profit in Associate					-
Extraordinary profit/loss					-
Net Profit					5,038.59
Segment assets	283,240.38	251,253.06	269,476.17	535.04	804,504.65
Unallocated assets					9,541.32
Total assets					814,045.97
Segment liabilities	276,546.85	135,914.54	332,680.34	154.52	745,296.25
Unallocated liabilities ⁽¹⁾					947.10
Total liabilities					746,243.35
Net assets	6,693.53	115,338.52	(63,204.17)	380.52	67,802.62
Capital Expenditure for the year	15.63	205.48	695.24	26.33	942.68
Depreciation on fixed assets for the year	12.48	161.62	545.56	17.50	737.16

⁽¹⁾ Includes minority interest of ₹84.61 crores

* represents material non-cash items other than depreciation

(₹ in crores)

	31 March, 2018				Total
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	
Segment Revenue					
Gross interest income (external customers)	11,858.83	15,398.90	19,356.33	-	46,614.06
Other income	2,867.70	3,365.49	4,196.21	1,433.22	11,862.62
Total income as per Profit and Loss Account	14,726.53	18,764.39	23,552.54	1,433.22	58,476.68
Add/(less) inter segment interest income	49,386.08	5,402.38	17,298.22	-	72,086.68
Total segment revenue	64,112.61	24,166.77	40,850.76	1,433.22	130,563.36
Less: Interest expense (external customers)	13,375.62	1,155.22	13,072.85	-	27,603.69
Less: Inter segment interest expense	45,761.40	12,352.62	13,972.08	0.58	72,086.68
Less: Operating expenses	393.83	4,004.78	9,941.65	448.10	14,788.36
Operating profit	4,581.76	6,654.15	3,864.18	984.54	16,084.63
Less: Provision for non-performing assets/others*	1,763.26	11,894.90	1,860.58	-	15,518.74
Segment result	2,818.50	(5,240.75)	2,003.60	984.54	565.89
Less: Provision for tax					101.86
Net Profit before minority interest and earnings from Associate					464.03
Less: Minority Interest					8.21
Add: Share of Profit in Associate					-
Extraordinary profit/loss					-
Net Profit					455.82
Segment assets	227,258.49	236,010.17	230,592.20	813.36	694,674.22
Unallocated assets					9,029.15
Total assets					703,703.37

	31 March, 2018				Total
	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Business	
Segment liabilities	234,071.37	138,435.00	265,852.74	195.25	638,554.36
Unallocated liabilities ⁽¹⁾					941.60
Total liabilities					639,495.96
Net assets	(6,812.88)	97,575.17	(35,260.54)	618.11	64,207.41
Capital Expenditure for the year	16.70	235.20	523.89	18.99	794.78
Depreciation on fixed assets for the year	11.90	173.05	389.98	15.65	590.58

⁽¹⁾ Includes minority interest of ₹69.51 crores

* represents material non-cash items other than depreciation

Geographic Segments

(₹ in crores)

	Domestic		International		Total	
	31 March, 2019	31 March, 2018	31 March, 2019	31 March, 2018	31 March, 2019	31 March, 2018
Revenue	66,514.42	55,799.56	3,717.98	2,677.12	70,232.40	58,476.68
Assets	760,394.09	635,920.35	53,651.87	67,783.02	814,045.96	703,703.37
Capital Expenditure for the year	939.95	785.35	2.73	9.43	942.68	794.78
Depreciation on fixed assets for the year	733.00	585.77	4.16	4.81	737.16	590.58

1.1.8 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, New India Assurance Co. Limited, National Insurance Co. Limited, United India Insurance Co. Limited and The Oriental Insurance Co. Limited.

b) Key Management Personnel

- Mr. Amitabh Chaudhry (MD & CEO) (w.e.f. 1 January, 2019)
- Ms. Shikha Sharma (MD & CEO) (upto 31 December, 2018)
- Mr. V. Srinivasan (Deputy Managing Director) (upto 20 December, 2018)
- Mr. Rajesh Dahiya [Executive Director (Corporate Centre)]
- Mr. Rajiv Anand [Executive Director (Wholesale Banking)]

c) **Relatives of Key Management Personnel**

Mr. Sanjaya Sharma, Ms. Usha Bharadwaj, Mr. Tilak Sharma, Ms. Tvisha Sharma, Dr. Sanjiv Bharadwaj, Dr. Prashant Bharadwaj, Dr. Brevis Bharadwaj, Dr. Reena Bharadwaj, Ms. Gayathri Srinivasan, Mr. V. Satish, Ms. Camy Satish, Ms. Ananya Srinivasan, Ms. Anagha Srinivasan, Ms. Geetha N., Ms. Chitra R., Ms. Sumathi N., Mr. S. Ranganathan, Mr. R. Narayan, Ms. Gitanjali Anand, Ms. Tara Anand, Ms. Nandita Anand, Mr. P.L. Narain, Mr. P. Srinivas, Ms. Ratna Rao Shekar, Ms. P. Kamashi, Ms. Hemant Dahiya, Ms. Arooshi Dahiya, Ms. Mallika Dahiya, Ms. Jal Medha, Ms. Pooja Rathi, Mr. Jai Prakash Dahiya, Ms. Preeti Chaudhry, Mr. Anagh Chaudhry, Mr. Aruj Chaudhry, Mr. Aryan Chaudhry, Ms. Chhavi Kharb, Mr. Ashok Kharb, Mr. Om Singh Chaudhry, Ms. Kusum Chaudhry.

The details of transactions of the Group with its related parties during the year ended 31 March, 2019 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel [#]	Total
Dividend paid	-	-	-	-
Interest paid	554.78	0.41	0.12	555.31
Interest received	0.13	1.09	-	1.22
Investment in non-equity instrument of related party	341.26	-	-	341.26
Investment of related party in the Bank	-	17.93	-	17.93
Investment of related party in Hybrid capital/Bonds of the Bank	-	-	-	-
Redemption of Hybrid capital/Bonds of the Bank	1,510.00	-	-	1,510.00
Purchase of investments	205.00	-	-	205.00
Sale of investments	857.07	-	-	857.07
Remuneration paid	-	18.49	-	18.49
Contribution to employee benefit fund	17.00	-	-	17.00
Repayment of security deposits by related party	0.12	-	-	0.12
Non-funded commitments (issued)	-	-	-	-
Advance granted (net)	-	-	-	-
Advance repaid	0.45	7.38	-	7.83
Receiving of services	128.91	-	-	128.91
Rendering of services	28.04	0.10	-	28.14
Sale of foreign exchange currency to related party	-	1.35	0.01	1.36
Other reimbursements from related party	0.10	-	-	0.10
Other reimbursements to related party	0.66	-	-	0.66

[#] Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank.

The balances payable to/receivable from the related parties of the Group as on 31 March, 2019 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	9,146.04	13.91	0.55	9,160.50
Placement of security deposits	0.31	-	-	0.31
Advances	6.62	10.90	0.03	17.55
Investment in non-equity instruments of related party	290.05	-	-	290.05
Investment of related party in the Bank	93.60	0.08	-	93.68
Non-funded commitments	3.33	-	-	3.33
Investment of related party in Hybrid capital/ Bonds of the Bank	2,790.00	-	-	2,790.00
Payable under management contracts	-	-	-	-
Other receivables (net)	-	-	-	-
Other payables (net)	-	-	-	-

The maximum balances payable to/receivable from the related parties of the Group during the year ended 31 March, 2019 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	17,078.36	22.86	5.49	17,106.72
Placement of security deposits	0.43	-	-	0.43
Advances	154.79	19.66	0.17	174.62
Investment of related party in the Bank	135.32	0.52	-	135.84
Investment in non-equity instrument of related party	290.05	-	-	290.05
Non-funded commitments	3.35	-	-	3.35
Investment of related party in Hybrid capital/Bonds of the Bank	4,300.00	-	-	4,300.00
Payable under management contracts	-	3.70	-	3.70
Other receivables (net)	0.03	-	-	0.03
Other payables (net)	-	-	-	-

The details of transactions of the Group with its related parties during the year ended 31 March, 2018 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel#	Total
Dividend paid	343.52	1.08	-	344.60
Interest paid	545.58	0.22	0.19	545.99
Interest received	0.02	0.77	-	0.79
Investment in non-equity instrument of related party	393.00	-	-	393.00

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel*	Total
Investment of related party in the Bank	1,200.00	33.75	-	1,233.75
Investment of related party in Hybrid capital/Bonds of the Bank	-	-	-	-
Redemption of Hybrid capital/Bonds of the Bank	-	-	-	-
Purchase of investments	188.69	-	-	188.69
Sale of investments	868.73	1.12	-	869.85
Remuneration paid	-	12.18	-	12.18
Contribution to employee benefit fund	16.43	-	-	16.43
Placement of security deposits	0.05	-	-	0.05
Non-funded commitments (issued)	0.20	-	-	0.20
Advance granted (net)	-	7.99	-	7.99
Advance repaid	6.50	0.04	-	6.54
Receiving of services	110.29	-	-	110.29
Rendering of services	32.64	0.13	-	32.77
Sale of foreign exchange currency to related party	-	1.29	-	1.29
Other reimbursements from related party	6.09	-	-	6.09
Other reimbursements to related party	0.75	-	-	0.75

* Details of transactions of the Bank with relatives of KMP are for the period during which the KMP are related parties of the Bank.

The balances payable to/receivable from the related parties of the Group as on 31 March, 2018 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	6,213.80	4.33	3.46	6,221.59
Placement of security deposits	0.43	-	-	0.43
Advances	7.07	18.31	0.04	25.42
Investment in non-equity instruments of related party	205.70	-	-	205.70
Investment of related party in the Bank	135.29	0.50	-	135.79
Non-funded commitments	3.35	-	-	3.35
Investment of related party in Hybrid capital/ Bonds of the Bank	4,300.00	-	-	4,300.00
Payable under management contracts	-	3.70	-	3.70
Other receivables (net)	0.03	-	-	0.03
Other payables (net)	-	-	-	-

The maximum balances payable to/receivable from the related parties of the Group during the year ended 31 March, 2018 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits with the Bank	10,153.25	17.12	5.78	10,176.15
Placement of security deposits	0.43	-	-	0.43
Advances	16.76	18.31	0.09	35.16
Investment of related party in the Bank	137.76	0.50	-	138.26
Investment in non-equity instrument of the Bank	393.00	-	-	393.00
Non-funded commitments	3.39	-	-	3.39
Investment of related party in Hybrid capital/Bonds of the Bank	4,300.00	-	-	4,300.00
Payable under management contracts	-	3.70	-	3.70
Other receivables (net)	0.25	-	-	0.25
Other payables (net)	-	-	-	-

The significant transactions between the Group and related parties during the year ended 31 March, 2019 and 31 March, 2018 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:

(₹ in crores)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Dividend paid		
Life Insurance Corporation of India	-	165.04
Administrator of the Specified Undertaking of the Unit Trust of India	-	137.42
Interest paid		
Life Insurance Corporation of India	503.97	502.36
Interest received		
Mr. Rajiv Anand	0.74	0.73
Mr Rajesh Dahiya	0.35	0.04
New India Assurance Co. Limited	0.13	0.02
Investment in non-equity instruments of related party		
United India Insurance Co. Limited	241.26	393.00
The Oriental Insurance Co. Limited	100.00	-
Investment of related party in the Bank		
Life Insurance Corporation of India	-	1,200.00
Ms. Shikha Sharma	8.67	17.36
Mr Rajiv Anand	4.05	6.71
Mr Rajesh Dahiya	5.22	1.65
Redemption of Hybrid capital/Bonds of the Bank		
Life Insurance Corporation of India	1,500.00	-

(₹ in crores)

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Purchase of investments		
The Oriental Insurance Co. Limited	205.00	-
United India Insurance Co. Limited	-	188.69
Sale of investments		
New India Assurance Co. Limited	195.00	421.03
General Insurance Corporation Co. Limited	335.02	230.00
United India Insurance Co. Limited	141.29	157.44
The Oriental Insurance Co. Limited	145.76	25.25
Remuneration paid		
Ms. Shikha Sharma	6.83	4.84
Mr. V. Srinivasan	4.53	3.12
Mr. Rajiv Anand	3.18	2.44
Mr. Rajesh Dahiya	2.68	1.78
Contribution to employee benefit fund		
Life Insurance Corporation of India	16.53	16.16
Placement of deposits		
Life Insurance Corporation of India	-	0.05
Advance granted (net)		
Mr. Rajesh Dahiya	-	7.77
Advance repaid		
Life Insurance Corporation of India	0.45	6.50
Mr Rajiv Anand	2.13	-
Mr. Rajesh Dahiya	5.23	-
Receiving of services		
The Oriental Insurance Co. Limited	55.84	66.42
New India Assurance Co. Limited	52.72	27.22
Life Insurance Corporation of India	11.42	10.94
Rendering of services		
Life Insurance Corporation of India	26.60	16.39
General Insurance Corporation Co. Limited	0.07	12.50
Sale of foreign exchange currency to related party		
Ms. Shikha Sharma	1.14	1.29
Mr Amitabh Choudhry	0.15	N.A.
Other reimbursements to related party		
Life Insurance Corporation of India	0.66	0.75
Other reimbursements from related party		
New India Assurance Co. Limited	0.10	2.42
General Insurance Corporation Of India	-	3.67

1.1.9 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, 2019	31 March, 2018
Future lease rentals payable as at the end of the year:		
- Not later than one year	805.03	742.66
- Later than one year and not later than five years	2,531.53	2,303.58
- Later than five years	2,249.34	1,874.37
Total of minimum lease payments recognised in the Profit and Loss Account for the year	864.08	823.91

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.

Disclosure in respect of assets given on operating lease

	(₹ in crores)	
	31 March, 2019	31 March, 2018
Gross carrying amount of premises at the end of the year	157.91	-
Accumulated depreciation at the end of the year	8.63	-
Total depreciation charged to profit and loss account for the year	0.65	-
Future lease rentals receivable as at the end of the year:		
- Not later than one year	28.99	-
- Later than one year and not later than five years	116.54	-
- Later than five years	100.08	-

There are no provisions relating to contingent rent.

1.1.10 The movement in fixed assets capitalized as application software (included in other Fixed Assets)

	(₹ in crores)	
Particulars	31 March, 2019	31 March, 2018
At cost at the beginning of the year	1,349.22	1,101.57
Additions during the year*	332.49	247.69
Deductions during the year	(0.23)	(0.04)
Accumulated depreciation as at 31 March	(1,101.01)	(893.69)
Closing balance as at 31 March	580.47	455.53
Depreciation charge for the year	207.32	169.43

*includes movement on account of exchange rate fluctuation

1.1.11 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, 2019	31 March, 2018
Deferred tax assets on account of provisions for doubtful debts	7,086.15	6,637.49
Deferred tax assets on account of amortisation of HTM investments	8.35	11.28
Deferred tax assets on account of provision for employee benefits	128.42	121.38
Deferred tax assets on account of other items	554.71	280.44
Deferred tax assets	7,777.63	7,050.59
Deferred tax liability on account of depreciation on fixed assets	62.31	103.46
Deferred tax liabilities on account of other items	27.64	35.81
Deferred tax liabilities	89.95	139.27
Net deferred tax asset	7,687.68	6,911.32

1.1.12 Employee Benefits

Provident Fund Group

The contribution to the employee's provident fund (including Employee Pension Scheme) of the Group amounted to ₹189.45 crores for the year ended 31 March, 2019 (previous year ₹175.11 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, 2019	31 March, 2018
Current Service Cost*	98.60	88.99
Interest on Defined Benefit Obligation	159.70	127.95
Expected Return on Plan Assets	(189.59)	(171.00)
Net Actuarial Losses/(Gains) recognised in the year	29.89	43.05
Total included in "Employee Benefit Expense" [Schedule 16(I)]	98.60	88.99
Actual Return on Plan Assets	132.30	140.05

* includes contribution of ₹0.52 crores towards staff deputed at subsidiaries (previous year ₹0.46 crores)

Balance Sheet

Details of provision for provident fund

(₹ in crores)

	31 March, 2019	31 March, 2018
Fair Value of Plan Assets	2,245.71	2,006.65
Present Value of Funded Obligations	(2,245.71)	(2,006.65)
Net Asset	-	-
Amounts in Balance Sheet		
Liabilities	-	-
Assets	-	-
Net Asset (included under Schedule 11 – Other Assets)	-	-

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

(₹ in crores)

	31 March, 2019	31 March, 2018
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	2,006.65	1,688.78
Current Service Cost	98.60	88.99
Interest Cost	159.70	127.95
Actuarial Losses/(Gains)	(27.40)	12.10
Employees Contribution	217.42	200.76
Liability transferred from/to other companies	(16.45)	(14.62)
Benefits Paid	(192.81)	(97.31)
Closing Defined Benefit Obligation	2,245.71	2,006.65

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

(₹ in crores)

	31 March, 2019	31 March, 2018
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	2,006.65	1,688.78
Expected Return on Plan Assets	189.59	171.00
Actuarial Gains/(Losses)	(57.29)	(30.95)
Employer contribution during the period	98.60	88.99
Employee contribution during the period	217.42	200.76
Assets transferred from/to other companies	(16.45)	(14.62)
Benefits Paid	(192.81)	(97.31)
Closing Fair Value of Plan Assets	2,245.71	2,006.65

Experience adjustments*

(₹ in crores)

	31 March, 2019	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015
Defined Benefit Obligations	2,245.71	2,006.65	1,688.78	1,439.02	1,241.53
Plan Assets	2,245.71	2,006.65	1,688.78	1,439.02	1,241.53
Surplus/(Deficit)	-	-	-	-	-
Experience Adjustments on Plan Liabilities	(27.40)	12.10	20.83	12.08	(1.78)
Experience Adjustments on Plan Assets	(57.29)	(30.95)	0.58	(6.16)	(3.99)

* 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, 2019	31 March, 2018
	%	%
Government securities	55.91	53.75
Bonds, debentures and other fixed income instruments	40.00	42.16
Equity shares	3.77	3.79
Others	0.32	0.30

Principal actuarial assumptions at the balance sheet date:

	31 March, 2019	31 March, 2018
Discount rate for the term of the obligation	7.65%	7.95%
Average historic yield on the investment portfolio	8.88%	8.90%
Discount rate for the remaining term to maturity of the investment portfolio	7.55%	7.68%
Expected investment return	8.98%	9.17%
Guaranteed rate of return	8.65%	8.55%

The Hon'ble Supreme Court of India ("SC") by an order dated 28 February, 2019 in one case, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. Pending decision on the subject review petition and directions from the Employees' Provident Fund organisation, no effect has been given in the financial statements.

Superannuation

The Bank contributed ₹16.51 crores to the employee's superannuation plan for the year ended 31 March, 2019 (previous year ₹16.12 crores).

National Pension Scheme (NPS)

During the year, the Bank has contributed ₹5.22 crores (previous year ₹3.85 crores) to the NPS for employees who had opted for the scheme.

Group

Leave Encashment

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

(₹ in crores)

	31 March, 2019			
	Liability - Privilege Leave	Total Expenses included under Schedule 16(l)	Assumptions	
			Discount Rate	Salary escalation rate
Axis Bank Ltd.	247.35	46.62	-	-
Axis Capital Ltd.*	0.08	Nil	6.48% p.a.	7.00% p.a.
Axis Securities Ltd.*	1.23	Nil	7.65% p.a.	10.00% p.a.
Axis Asset Management Co. Ltd.	Nil	1.29	-	-
Axis Finance Ltd.*	0.70	0.36	7.77% p.a.	7.00% p.a.
A.Treds Ltd.*	0.14	0.13	7.65% p.a.	10.00% p.a.
FreeCharge Payment Technologies Ltd.*	1.86	(0.37)	6.80% p.a.	12.00% p.a.
Accelyst Solutions Ltd.*	0.13	(0.09)	6.75% p.a.	12.00% p.a.

* based on actuarial valuation

(₹ in crores)

	31 March, 2018*			
	Liability - Privilege Leave	Total Expenses included under Schedule 16(l)	Assumptions	
			Discount Rate	Salary escalation rate
Axis Bank Ltd.	243.82	47.33	7.95% p.a.	7.00% p.a.
Axis Capital Ltd.	0.10	Nil	7.68% p.a.	7.00% p.a.
Axis Securities Ltd.	0.66	0.66	6.60% p.a.	7.00% p.a.
Axis Asset Management Co. Ltd.	1.17	0.64	7.50% p.a.	12.00% p.a.
Axis Finance Ltd.	0.41	0.05	7.73% p.a.	7.00% p.a.
A.Treds Ltd.	0.05	0.05	7.80% p.a.	7.00% p.a.
FreeCharge Payment Technologies Ltd.	2.68	0.81	7.10% p.a.	10.50% p.a.
Accelyst Solutions Ltd.	0.25	0.19	7.10% p.a.	10.50% p.a.

* based on actuarial valuation

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, 2019	31 March, 2018
Current Service Cost	49.02	41.98
Interest on Defined Benefit Obligation	30.88	23.92
Expected Return on Plan Assets	(25.49)	(22.35)
Net Actuarial Losses/(Gains) recognised in the year	7.02	(15.41)
Past Service Cost	0.03	31.37
Total included in "Employee Benefit Expense" [Schedule 16(1)]	61.45	59.51
Actual Return on Plan Assets	34.95	27.19

Balance Sheet

Details of provision for gratuity:

(₹ in crores)

	31 March, 2019	31 March, 2018
Present Value of Funded Obligations	(417.44)	(361.43)
Present Value of un-funded Obligations	(6.97)	(5.56)
Fair Value of Plan Assets	403.44	336.33
Unrecognised Past Service Cost	2.33	0.03
Net (Liability)/Asset	(18.65)	(30.63)
Amounts in Balance Sheet		
Liabilities	18.65	30.63
Assets	-	-
Net Liability (included under Schedule 5 – Other Liabilities)	(18.65)	(30.63)

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

(₹ in crores)

	31 March, 2019	31 March, 2018
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	366.99	301.45
Current Service Cost	49.02	41.98
Interest Cost	30.88	23.92
Actuarial Losses/(Gains)	16.57	(10.56)
Past Service Cost	2.33	31.40
Liabilities Assumed on Acquisition	0.14	1.21
Liabilities transferred in	0.19	0.57
Benefits Paid	(41.71)	(22.98)
Closing Defined Benefit Obligation	424.41	366.99

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

(₹ in crores)

	31 March, 2019	31 March, 2018
Opening Fair Value of Plan Assets	336.33	290.11
Expected Return on Plan Assets	25.49	22.35
Actuarial Gains/(Losses)	9.55	4.85
Contributions by Employer	73.16	41.33
Assets transferred in	-	0.57
Benefits Paid	(41.10)	(22.88)
Closing Fair Value of Plan Assets	403.44	336.33

Experience adjustments:

(₹ in crores)

	31 March, 2019	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015
Defined Benefit Obligations	424.41	366.99	301.45	246.84	219.95
Plan Assets	403.44	336.33	290.11	243.00	219.26
Surplus/(Deficit)	(20.97)	(30.66)	(11.34)	(3.84)	(0.69)
Experience Adjustments on Plan Liabilities	6.70	2.90	7.09	2.98	0.76
Experience Adjustments on Plan Assets	9.55	(4.91)	(1.68)	(5.28)	1.39

Axis Bank Ltd.

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

	31 March, 2019	31 March, 2018
	%	%
Government securities	37.43	49.04
Bonds, debentures and other fixed income instruments	47.82	39.82
Money market instruments	5.38	8.70
Equity shares	2.00	2.22
Others	7.37	0.22

Principal actuarial assumptions at the balance sheet date:

	31 March, 2019	31 March, 2018
Discount Rate	7.65% p.a.	7.95% 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		
- 18 to 30 (age in years)	20.00%	20.00%
- 31 to 44 (age in years)	10.00%	10.00%
- 45 to 59 (age in years)	5.00%	5.00%

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.

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

Axis Capital Ltd.

	31 March, 2019	31 March, 2018
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, 2019	31 March, 2018
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.48% p.a.	7.68% p.a.
Expected rate of Return on Plan Assets	7.48% p.a.	7.68% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	10.00% p.a.	10.00% p.a.

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

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.

Axis Asset Management Company Ltd.

	31 March, 2019	31 March, 2018
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.23% p.a.	7.50% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	11.00% p.a.	12.00% 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, 2019	31 March, 2018
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, 2019	31 March, 2018
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.00% p.a.	6.60% p.a.
Expected rate of Return on Plan Assets	7.50% p.a.	7.00% p.a.
Salary Escalation Rate	7.64% 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.

Axis Finance Ltd.

	31 March, 2019	31 March, 2018
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, 2019	31 March, 2018
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.77% p.a.	7.73% p.a.
Expected rate of Return on Plan Assets	7.77% p.a.	7.73% p.a.
Salary Escalation Rate	7.00% p.a.	7.00% p.a.
Employee Turnover	10.00%	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, 2019	31 March, 2018
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	6.66% p.a.	7.35% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	10.00% p.a.	10.00% 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.

A. Treds Ltd.

	31 March, 2019	31 March, 2018
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	7.65% p.a.	7.80% p.a.
Expected rate of Return on Plan Assets	7.50% p.a.	N.A.
Salary Escalation Rate	10.00% p.a.	7.00% p.a.
Employee Turnover		
- 21 to 30 (age in years)	20.00%	20.00%
- 31 to 44 (age in years)	10.00%	10.00%
- 45 to 59 (age in years)	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.

Accelyst Solution Pvt Ltd

	31 March, 2019	31 March, 2018
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	6.75% p.a.	7.10% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	12.00% p.a.	10.50% p.a.
Employee Turnover	31.07%	25.70%

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.

FreeCharge Payment Technologies Pvt Ltd

	31 March, 2019	31 March, 2018
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	6.80% p.a.	7.10% p.a.
Expected rate of Return on Plan Assets	N.A.	N.A.
Salary Escalation Rate	12.00% p.a.	10.50% p.a.
Employee Turnover	28.40%	25.70%

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.

1.1.13 Small and Micro Enterprises

Axis Bank Ltd.

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

Subsidiaries

(₹ in crores)

Particulars	31 March, 2019	31 March, 2018
The Principal amount and the interest due thereon remaining unpaid to any supplier	0.02	-
The amount of interest paid by the buyer in terms of Section 16, along with the amount of the payment made to the supplier beyond the due date	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under MSMED Act, 2006	0.02	-
The amount of interest accrued and remaining unpaid	0.02	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowed as a deductible expenditure under Section 23	-	-

1.1.14 Corporate Social Responsibility (CSR)

- a) Amount required to be spent by the Group on CSR during the year ₹139.72 crores (previous year ₹196.38 crores).
- b) Amount spent towards CSR during the year and recognized as expense in the statement of profit and loss on CSR related activities is ₹149.37 crores (previous year ₹143.33 crores), which comprise of following –

	31 March, 2019			31 March, 2018		
	In cash	Yet to be paid in cash (i.e. provision)	Total	In cash	Yet to be paid in cash (i.e. provision)	Total
Construction/ acquisition of any asset	11.89	-	11.89	2.22	-	2.22
On purpose other than above	136.91	0.57	137.48	133.84	7.27	141.11

1.1.15 Provisions and contingencies

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

(₹ in crores)

	31 March, 2019	31 March, 2018
Opening balance at the beginning of the year	60.98	59.40
Additions during the year	0.78	2.00
Reductions on account of payments during the year	-	(0.15)
Reductions on account of reversals during the year	(8.18)	(0.27)
Closing balance at the end of the year	53.58	60.98

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

(₹ in crores)

	31 March, 2019	31 March, 2018
Opening provision at the beginning of the year	143.94	110.45
Provision made during the year	127.22	89.05
Reductions during the year	(65.26)	(55.56)
Closing provision at the end of the year	205.90	143.94

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

(₹ in crores)

	31 March, 2019	31 March, 2018
Opening provision at the beginning of the year	150.66	595.62
Provision made during the year	609.26	342.25
Reductions during the year	(617.93)	(787.21)
Closing provision at the end of the year	141.99	150.66

Closing provision includes provision for legal cases and other contingencies. Provisions made and reductions during the year also include contingent provision for advances.

1.1.16 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 ₹56.06 crores as on 31 March, 2019 (previous year ₹43.28 crores) towards claims assessed as probable.

b) Liability for partly paid investments

This represents amounts remaining unpaid towards liability for partly paid investments.

c) Liability on account of forward exchange and derivative contracts

The Group 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. The amount of contingent liability represents the notional principal of respective forward exchange and derivative contracts.

d) 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.

e) 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.

f) 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 to venture capital funds/alternate investment funds, 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).

During earlier years, the Bank, through one of its overseas branches, had arranged Trade Credit (Buyers Credit loans) against Letters of Undertaking (LOUs) issued by Punjab National Bank (PNB), which were subsequently alleged as fraudulent by PNB. Prior to this declaration by PNB, such buyer's credit loans were sold down in the secondary market by the overseas branch to various participating banks under Risk Participation Agreements. As on 31 March, 2019, there is no funded exposure outstanding in the overseas branch pursuant to such sell down. PNB has repaid the aggregate amount of all LOUs due upto 31 March, 2019, pursuant to an undertaking issued to PNB, and made remittance to the overseas branch which has been passed on for onward payment to the participating banks. Based on the facts and circumstances of the case, internal findings and legal opinion, the Bank does not expect PNB has any valid right at this point in time, for refund by the Bank of the aggregate amount paid by PNB towards LOUs due upto 31 March, 2019. However, as a matter of prudence, the aggregate amount of LOUs issued by PNB to the overseas branch against which buyer's credit was extended, aggregating to ₹4,082.51 crores has been disclosed as part of Contingent Liabilities in the Balance Sheet.

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.

1.1.17 Comparative Figures

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

In terms of our report attached.

For Axis Bank Ltd.

For Haribhakti & Co. LLP

Chartered Accountants

Firm Registration No.: 103523W/W100048

Sanjiv Misra

Chairman

Purushottam Nyati

Partner

Membership No.: 118970

Samir K. Barua

Director

S. Vishvanathan

Director

B. Babu Rao

Director

Amitabh Chaudhry

Managing Director & CEO

Date: 25 April, 2019

Place: Mumbai

Girish V. Koliyote

Company Secretary

Jairam Sridharan

Chief Financial Officer

Rakesh Makhija

Director

Girish Paranjpe

Director