AXIS BANK

ANNUAL REPORT 2013-2014

20 years of progress

Towards 1 MILLION Sustainable Livelihoods

Founded in 2006, Axis Bank Foundation partners with those working in the field of sustainable livelihoods, education and healthcare.
The Foundation is committed to build one million sustainable livelihoods by 2017.

AXIS BANK FOUNDATION

18 LIVELIHOOD PROGRAMS in **23 States** & **165 Districts**

20 EDUCATION PROGRAMS in **10 States** & **20 Districts**

CONTENTS

MANAGING DIRECTOR & CEO'S LETTER TO THE SHAREHOLDERS

It gives me great pleasure to write to you as your Bank celebrates its twentieth anniversary this year. The growth of the Bank and its performance in these two decades is the result of a large customer franchise built by a workforce of committed men and women - who number more than 40,000 today. It is a matter of pride for us that our clientele continues to grow strongly across geographies.

We have had a challenging year marked by slow growth, persistent inflation, currency volatility and high interest rates. However, improving fundamentals, especially towards the end of fiscal 2014 have restored stability in the markets. Your Bank has fared well despite the challenges and our strategy of diversifying business mix, both on the liabilities as well as the assets side of the balance sheet, has helped deliver another year of consistent performance. The core revenue streams of the Bank have contributed solidly across businesses and we have continued to improve operating efficiency and manage costs through system and process refinements. I am happy to report that our profit after tax for the current year has crossed a billion US dollars (₹6,218 crores).

During the year, we opened 455 branches, 298 of which were opened in unbanked areas. We believe considerable potential for business exists at these centres and also serves our objectives of providing banking facilities to segments of our population who do not have access to these at present. As we grow and transform our businesses to take on some of the competitive challenges that lie before us, we also remain deeply committed to our responsibility as a corporate citizen. One of the initiatives launched in 2011 by the Bank under its Corporate Social Responsibility program through the Axis Bank Foundation was to help provide sustainable livelihood to one million Indians by 2017 through a variety of programs involving vocational training, advanced agricultural practices, providing market linkages for farmers etc. We have made good progress towards this goal. As on March 31, 2014, the Axis Bank Foundation had supported 39 programs covering over 185 districts in 24 states and had reached out to 4.42 lac beneficiaries.

I take this opportunity to thank all our stakeholders, past and present for supporting us in our endeavour.

Shikha Sharma

25th April, 2014

BOARD OF DIRECTORS*

Sanjiv Misra	Chairman
Shikha Sharma	Managing Director & CEO
K. N. Prithviraj	Director
V. R. Kaundinya	Director
S. B. Mathur	Director
Prasad R. Menon	Director
R. N. Bhattacharyya	Director
Samir K. Barua	Director
Som Mittal	Director
Ireena Vittal	Director
Rohit Bhagat	Director
Usha Sangwan	Director
Somnath Sengupta	Executive Director & Head (Corporate Centre)
V. Srinivasan	Executive Director & Head (Corporate Banking)
Sanjeev Kapoor	Company Secretary

THE CORE MANAGEMENT TEAM*

R. K. Bammi	Executive Director (Retail Banking)
P. Mukherjee	President - Large Corporate & International Banking
S. S. Bajaj	President & Chief Audit Executive
Bapi Munshi	President & Chief Risk Officer
C. Babu Joseph	Executive Trustee & CEO - Axis Bank Foundation
Sanjeev K. Gupta	President & Chief Financial Officer
V. K. Bajaj	President - Mid Corporates & SME
Sidharth Rath	President - Treasury & Business Banking
A. R. Gokulakrishnan	President - Wholesale Banking Operations
Rajendra D. Adsul	President - SME
R. V. S. Sridhar	President - IT & Retail Operations
Lalit Chawla	President - Corporate Credit
Rajesh Kumar Dahiya	President - Human Resources
Sharad Bhatia	President - Stressed Assets
Jairam Sridharan	President - Consumer Lending & Payments
Rajiv Anand	President - Retail Banking

*as on 31st March 2014

M/s Deloitte Haskins & Sells — Auditors
Chartered Accountants

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

Registered Office
'Trishul', 3rd Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad - 380 006.
CIN : L65110GJ1993PLC020769
Tel. No. : 079-2640 9322 Fax No. : 079-2640 9321
Email: shareholders@axisbank.com
Website: www.axisbank.com

Corporate Office
'Axis House', C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400 025.
Tel. No. : 022-24252525/43252525 Fax No. : 022-24251800

SNAP SHOT OF KEY FINANCIAL INDICATORS : 2010 - 2014

(₹ in crores)

FINANCIAL HIGHLIGHTS	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013	2013 - 2014	CAGR (5 Years)
Total Deposits	141,300.22	189,237.80	220,104.30	252,613.59	**280,944.56**	19.07%
- Savings Bank Deposits	33,861.80	40,850.31	51,667.96	63,777.73	**77,775.94**	24.67%
- Current Account Deposits	32,167.74	36,917.09	39,754.07	48,322.10	**48,686.40**	14.42%
Total Advances	104,340.95	142,407.83	169,759.54	196,965.96	**230,066.76**	23.05%
- Retail Advances	20,820.73	27,759.23	37,570.33	53,959.79	**74,491.24**	35.93%
Total Investments	55,974.82	71,991.62	93,192.09	113,737.54	**113,548.43**	19.64%
Shareholders' Funds	16,044.45	18,998.83	22,808.54	33,107.86	**38,220.48**	30.20%
Total Assets/Liabilities	180,647.85	242,713.37	285,627.79	340,560.66	**383,244.89**	21.01%

Net Interest Income	5,004.49	6,562.99	8,017.75	9,666.26	**11,951.64**	26.52%
Other Income	3,945.78	4,632.13	5,420.22	6,551.11	**7,405.22**	20.65%
Operating Revenue	8,950.27	11,195.12	13,437.97	16,217.37	**19,356.86**	24.07%
Operating Expenses	3,709.72	4,779.43	6,007.10	6,914.24	**7,900.77**	22.55%
Operating Profit	5,240.55	6,415.69	7,430.87	9,303.13	**11,456.09**	25.19%
Provisions and Contingencies	2,726.02	3,027.20	3,188.66	4,123.70	**5,238.42**	22.36%
Net Profit	2,514.53	3,388.49	4,242.21	5,179.43	**6,217.67**	27.92%

FINANCIAL RATIOS	2009 - 2010	2010 - 2011	2011 - 2012	2012 - 2013	2013 - 2014
Earnings Per Share (Basic) (in ₹)	65.78	82.95	102.94	119.67	**132.56**
Book Value (in ₹)	395.99	462.77	551.99	707.50	**813.47**
Return on Equity	19.89%	20.13%	21.22%	20.51%	**18.23%**
Return on Assets	1.67%	1.68%	1.68%	1.70%	**1.78%**
Capital Adequacy Ratio (CAR)	15.80%	12.65%	13.66%	17.00%	**16.07%**
Tier - I Capital Adequacy Ratio	11.18%	9.41%	9.45%	12.23%	**12.62%**
Dividend Per Share (in ₹)	12.00	14.00	16.00	18.00	**20.00**
Dividend Payout Ratio	22.57%	19.78%	18.15%	19.06%	**17.71%**

HIGHLIGHTS

Profit after tax up 20.05% to ₹6,217.67 crores

Net Interest Income up 23.64% to ₹11,951.64 crores

Fee & Other Income up 15.75% to ₹6,709.23 crores

Deposits up 11.22% to ₹280,944.56 crores

Demand Deposits up 12.81% to ₹126,462.34 crores

Advances up 16.81% to ₹230,066.76 crores

Retail Assets up 38.05% to ₹74,491.24 crores

Network of branches and extension counters increased from 1,947 to 2,402

Total number of ATMs went up from 11,245 to 12,922

Earnings per share (Basic) increased from ₹119.67 to ₹132.56

Proposed Dividend up from 180% to 200%

Capital Adequacy Ratio under Basel III stood at 16.07% as against the minimum regulatory norm of 9%

Tier - I Capital Adequacy Ratio under Basel III stood at 12.62%

DIRECTORS' REPORT : 2013-14

The Board of Directors is pleased to present the Twentieth Annual Report of the Bank together with the Audited Statement of Accounts, Auditors' Report and the report on business and operations of the Bank for the financial year ended 31st March 2014.

FINANCIAL PERFORMANCE

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

(₹ in crores)

PARTICULARS	2013-14	2012-13	GROWTH
Deposits	280,944.56	252,613.59	11.22%
Out of which			
• Savings Bank Deposits	77,775.94	63,777.73	21.95%
• Current Account Deposits	48,686.40	48,322.10	0.75%
Advances	230,066.76	196,965.96	16.81%
Out of which			
• Retail Advances	74,491.24	53,959.79	38.05%
• Non-retail Advances	155,575.52	143,006.17	8.79%
Total Assets/Liabilities	383,244.89	340,560.66	12.53%
Net Interest Income	11,951.64	9,666.26	23.64%
Other Income	7,405.22	6,551.11	13.04%
Out of which			
• Trading Profit (1)	695.99	754.60	(7.77%)
• Fee and other income	6,709.23	5,796.51	15.75%
Operating Expenses (excluding depreciation)	7,536.84	6,562.51	14.85%
Profit before Depreciation, Provisions and Tax	11,820.02	9,654.86	22.43%
Depreciation	363.93	351.73	3.47%
Provision for Tax	3,130.96	2,373.26	31.93%
Other Provisions and Write offs	2,107.46	1,750.44	20.40%
Net Profit	6,217.67	5,179.43	20.05%
Appropriations:			
Transfer to Statutory Reserve	1,554.42	1,294.86	20.05%
Transfer to Investment Reserve	50.03	53.46	(6.42%)
Transfer to Capital Reserve	38.87	141.46	(72.52%)
Transfer to Reserve Fund	1.05	2.61	(59.77%)
Proposed Dividend	1,101.12	987.24	11.54%
Surplus carried over to Balance Sheet	3,472.18	2,699.80	28.61%

(1) Excluding Merchant Exchange Profit

KEY PERFORMANCE INDICATORS	2013-14	2012-13
Interest Income as a percentage of working funds*	8.78%	8.90%
Non-interest Income as a percentage of working funds*	2.12%	2.15%
Net Interest Margin	3.81%	3.53%
Return on Average Net Worth	18.23%	20.51%
Operating Profit as a percentage of working funds*	3.28%	3.05%
Return on Average Assets	1.78%	1.70%
Profit per Employee**	₹15.42 lacs	₹14.58 lacs
Business (Deposits less inter-bank deposits + Advances) per employee**	₹12.30 crores	₹12.15 crores
Net non-performing assets as a percentage of net customer assets***	0.40%	0.32%

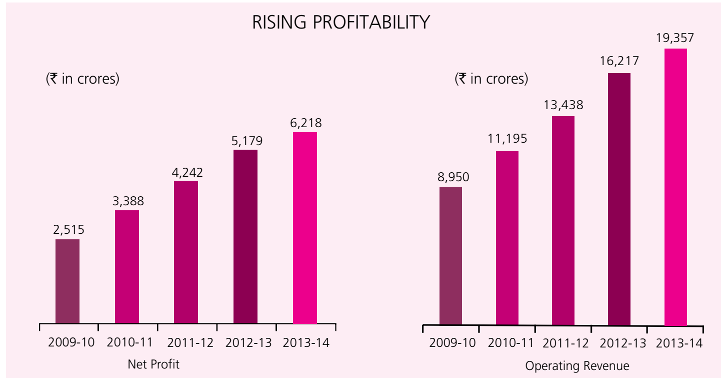
* Working funds represent average total assets.

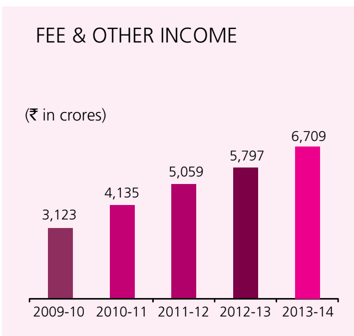
** Productivity ratios are based on average number of employees for the year.

*** Customer assets include advances and credit substitutes.

Previous year figures have been re-grouped wherever necessary.

The Bank continued to deliver a steady growth in both business and earnings, in the midst of a moderation in economic growth and intensifying competitive financial landscape. The Bank reported a net profit of ₹6,217.67 crores for the year ended 31st March 2014, registering a growth of 20.05% over the net profit of ₹5,179.43 crores last year. The healthy growth in earnings was a result of robust business growth across banking segments indicative of a clear strategic focus. During the year, the Basic Earnings Per Share (EPS) was ₹132.56 and a Return on Equity (ROE) was 18.23%.





During the year, the Bank's total income increased by 12.78% to reach ₹38,046.38 crores as compared to ₹33,733.68 crores last year. Operating revenue over the same period increased by 19.36% to ₹19,356.86 crores while operating profit increased by 23.14% to ₹11,456.09 crores. The growth in earnings was mainly due to a strong growth in net interest income (NII). During the year, NII increased by 23.64% to ₹11,951.64 crores from ₹9,666.26 crores last year and constituting 61.74% of the operating revenue. Fee, trading and other income increased by 13.04% to ₹7,405.22 crores from ₹6,551.11 crores last year. The operating expenses grew at a slower pace by 14.27% to ₹7,900.77 crores from ₹6,914.24 crores last year.

During the year under review, the growth in NII was attributable to an expansion in the balance sheet size, healthy growth in low-cost Current Account and Savings Bank (CASA) deposits and continued focus on increasing retail term deposits. During 2013-14, the total earning assets on a daily average basis increased by 14.63% to ₹313,775 crores, compared to ₹273,738 crores last year. The cost of funds improved over the year to 6.24% from 6.55% last year due to a combination of various factors. The healthy growth in low-cost CASA deposits, which on a daily average basis, increased to ₹93,506 crores from ₹80,941 crores, comprised 38.89% of total deposits compared to 36.28% in the previous year. Secondly, the increase in the share of retail term deposits at 54.53% of total term deposits, compared to 43.67% last year, enabled the Bank to contain its cost of funds apart from providing a stable funding base in the midst of significant volatility in interest rates witnessed mainly during the second quarter of the year. The raising of equity capital in the fourth quarter of the last financial year also contributed to the lowering of the cost of funds. During the year, the cost of deposits decreased to 6.43% from 6.73% last year primarily due to decrease in cost of term deposits by 27 basis points (from 9.10% to 8.83%). During the same period, the yield on earning assets decreased by 16 basis points to 9.59% from 9.75% last year.

Other income comprising fees, trading profit and miscellaneous income increased by 13.04% to ₹7,405.22 crores in 2013-14 from ₹6,551.11 crores last year and constituted 38.26% of the operating revenue of the Bank. Fee income increased by 8.41% to ₹5,985.45 crores from ₹5,520.93 crores last year and remains very well diversified with 32% from retail banking, 30% from corporate banking and balance contributed by treasury, business banking, SME and agriculture segments. The main sources of fee income are client-based merchant foreign exchange trade, service charges on liability accounts, transaction banking (including cash management services), syndication and placement fees, processing fees from loans and commission on non-funded products (such as letters of credit and bank guarantees) and fee income from the distribution of third-party investment products. Fee income though has moderated slightly but continues to remain a significant part of the earnings and constituted 30.92% of the operating revenue of the Bank. A key factor for the muted growth in fee income has been slowdown in corporate banking fees which has been impacted by the economic slowdown resulting in lower corporate credit demand and lack of fresh new investments and projects being undertaken. During the year, proprietary trading profits decreased by 7.77% to ₹695.99 crores from ₹754.60 crores last year. Miscellaneous income increased to ₹723.79 crores from ₹275.58 crores last year.

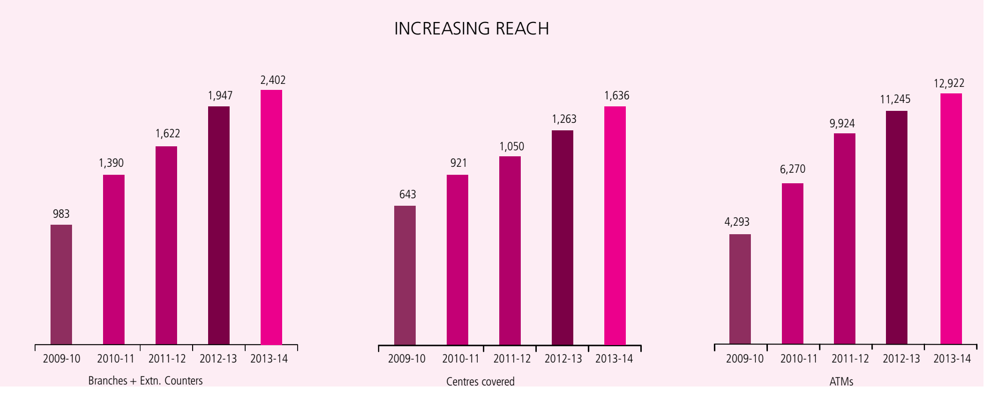
During the year, the operating revenue of the Bank increased by 19.36% to ₹19,356.86 crores from ₹16,217.37 crores last year. The core income streams (NII, fee and miscellaneous income) now constitute 96.40% of the operating revenue, reflecting the sustainability of the Bank's earnings. The Bank continued to focus on business process re-engineering to reduce transaction costs besides ensuring smoothness in operations and increasing productivity. As a result, the operating expenses increased at a slower pace by 14.27% to ₹7,900.77 crores from ₹6,914.24 crores last year. The increase in operating expenses was largely due to the growth of the Bank's network and other infrastructure required for supporting the existing and new businesses. The Cost to Income ratio of the Bank was 40.82% compared to 42.63% last year.

The operating profit of the Bank increased 23.14% to ₹11,456.09 crores during the year, compared to ₹9,303.13 crores last year. During this period, the Bank created total provisions (excluding provisions for tax) of ₹2,107.46 crores compared to ₹1,750.44 crores last year. The Bank provided ₹1,295.98 crores towards non-performing assets compared to ₹1,179.22 crores last year and ₹290.23 crores towards provision for standard assets compared to ₹196.68 crores last year. The Bank also provided ₹194.76 crores compared to ₹103.95 crores last year against restructured assets. The Bank has also created a contingent provision of ₹405.00 crores against advances and other exposures as a prudent measure. As on 31st March 2014, the Bank had outstanding contingent provision of ₹780.00 crores. During 2013-14, the Bank restructured loans of ₹3,456.95 crores. The ratio of Gross NPAs to gross customer assets was 1.22% compared to 1.06% last year and Net NPA ratio (Net NPAs as percentage of net customer assets) was 0.40% compared to 0.32% last year. With higher levels of provisions built over and above regulatory norms during the year, the Bank's provision coverage stood at 78.10% after considering prudential write-offs.

The various financial parameters and ratios continue to remain healthy. Basic Earnings Per Share (EPS) was ₹132.56 compared to ₹119.67 last year, while the Diluted Earnings Per Share was ₹132.23 compared to ₹118.85 last year. Return on Equity (RoE) was 18.23% compared to 20.51% last year and Book Value Per Share increased from ₹707.50 to ₹813.47. Return on Assets (RoA) was 1.78% compared to 1.70% last year. The Net Interest Margin (NIM) for the year was 3.81% compared to 3.53% last year.

The Bank has continued to focus on the quality of growth and displayed healthy growth in key balance sheet parameters for the year ended 31st March 2014. The total assets increased by 12.53% to ₹383,245 crores on 31st March 2014 from ₹340,561 crores on 31st March 2013. The total deposits of the Bank increased by 11.22% to ₹280,945 crores against ₹252,614 crores last year. Savings Bank deposits increased by 21.95% to ₹77,776 crores, while Current Account deposits increased by 0.75% to ₹48,686 crores. Low-cost CASA deposits increased by 12.81% to ₹126,462 crores as on 31st March 2014 compared to ₹112,100 crores last year. As on 31st March 2014, CASA deposits constituted 45.01% of total deposits as compared to 44.38% last year. On a daily average basis, Savings Bank deposits increased by 19.11% to ₹62,225 crores, while Current Account deposits increased by 9.00% to ₹31,281 crores. The percentage share of CASA in total deposits, on a daily average basis, improved to 38.89% from 36.28% last year. The Bank's endeavour over the last few years has been to diversify its term deposit mix in favour of retail deposits. As on 31st March 2014, the retail term deposits grew 37.29% and stood at ₹84,233 crores, constituting 54.53% of the total term deposits compared to 43.67% last year. As on 31st March 2014, domestic retail term deposits grew 36.46% YoY and stood at ₹83,010 crores, constituting 58.97% of the total domestic term deposits compared to 47.93% last year. However, excluding the FCNR(B) deposits raised to avail the concessional swap facility provided by RBI, domestic retail term deposits grew 20.87%, constituting 56.01% of domestic term deposits. During the year, the Bank mobilised foreign currency funds amounting to ~ USD 1.8 billion, including funds raised under the FCNR (B) deposit scheme, to avail the concessional swap facility provided by RBI. As on 31st March 2014, CASA and retail Term Deposits constituted 75% of total deposits. The domestic CASA and Retail Term Deposits constituted 78.36% of total domestic deposits.

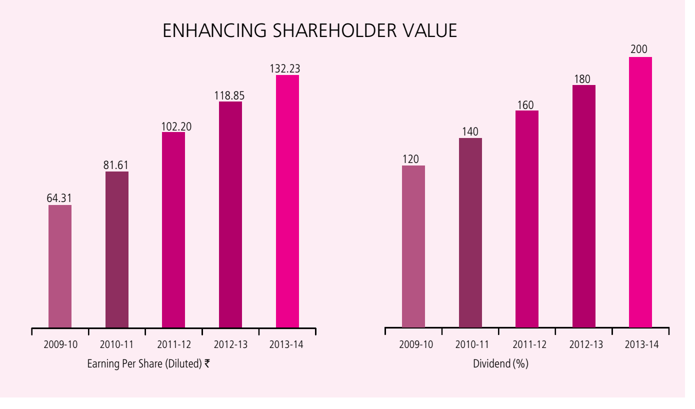
The slowdown in economic growth was reflected in the slower loan growth of corporate loans. Total advances of the Bank as on 31st March 2014, increased by 16.81% to ₹230,067 crores from ₹196,966 crores as on 31st March 2013 primarily driven by retail and SME segments. Corporate advances (comprising large, infrastructure and mid-corporate accounts) increased by 4.07% to ₹102,238 crores, SME loans increased by 18.65% to ₹35,502 crores, retail loans increased by 38.05% to ₹74,491 crores and agricultural loans (including micro finance) increased by 20.14% to ₹17,836 crores. Excluding the effect of retail lending undertaken against FCNR(B) deposits raised under RBI's special window, the growth in retail loans would have been 31.18% and comprised 31.27% of total loans compared to 27.40% last year. The retail loan portfolio continues to be focused on secured products, predominantly mortgages. However, the strategic intent as indicated in the previous year to further diversify into multi-product portfolio continued during the current financial year. Secured loans accounted for 87% of the total retail loans. The total investments of the Bank decreased by 0.17% to ₹113,548 crores and investments in Government and approved securities, held mainly for SLR requirement, decreased by 4.02% to ₹69,600 crores. Other investments, including corporate debt securities, increased by 6.62% to ₹43,948 crores. As on 31st March 2014, the total assets of the Bank's overseas branches stood at ₹43,130 crores, constituting 11.25% of the Bank's total assets.



As one of the key drivers of business growth and customer-acquisition, the Bank continued to enlarge its distribution network. Widening geographical reach is seen to be critical for tapping growth opportunities in newer markets, especially low-cost CASA deposits, lending to retail, agriculture and SME segments and the distribution of third-party products. During the year under review, the Bank added 455 new branches, taking the total number of branches and extension counters (ECs) to 2,402, of which 1,254 branches/ECs are in semi-urban and rural areas and 1,148 branches in metropolitan and urban areas. As on 31st March 2014, the Bank has 438 branches in rural unbanked areas. The Bank also increased its ATM network to 12,922, as compared to 11,245 ATMs last year. The overseas operations of the Bank are spread over its seven international offices with branches at Singapore, Hong Kong, DIFC (Dubai International Financial Centre), Colombo and Shanghai and representative offices at Dubai and Abu Dhabi. During the year, the Bank has upgraded its representative office in Shanghai, China to a branch to become the first Indian private sector bank to set up a branch in China. During the year, the Bank's overseas subsidiary namely Axis Bank UK Ltd. commenced banking operations. The international operations of the Bank have generally catered to the needs of Indian corporates who have expanded their businesses overseas and have focused on corporate lending, trade finance, syndication, investment banking and liability businesses.

CAPITAL & RESERVES

In terms of RBI guidelines, banks are required to compute and disclose capital adequacy ratios under Basel III capital regulations from the quarter ended 30th June 2013. The Bank is well capitalised with an overall Capital Adequacy Ratio (CAR) computed under Basel III norms as on 31st March 2014 of 16.07%, well above the benchmark requirement of 9% stipulated by Reserve Bank of India (RBI). Of this, the Common Equity Tier I CAR was 12.62% (against minimum regulatory requirement of 5%) and Tier I CAR was 12.62% (against minimum regulatory requirement of 6.5%). The capital adequacy ratio of the Bank computed under Basel II norms as on 31st March 2013 was 17.00% with Tier I CAR of 12.23% and Tier II CAR of 4.77%.



During the year, 1,890,085 equity shares were allotted to employees of the Bank/subsidiary companies pursuant to the exercising of options under the Employee Stock Option Scheme. The paid-up capital of the Bank has risen to ₹469.84 crores, as compared to ₹467.95 crores last year. The shareholding pattern of the Bank as of 31st March 2014 was as under:

Sr. No.	Name of Shareholders	% of Paid-up Capital
i.	Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)	11.70
ii.	Life Insurance Corporation of India (LIC) & its group entities [1]	13.72
iii.	General Insurance Corporation and four PSU insurance companies	4.22
iv.	Overseas investors (including FIIs/OCBs/NRIs)	49.13
v.	Foreign Direct Investment (GDR issue)	3.26
vi.	Other Indian financial institutions/mutual funds/banks	5.37
vii.	Others	12.60
	Total	**100.00**

[1] Includes 63,978,711 equity shares, equivalent to 13.62% of the total paid-up capital of the Bank, held by LIC.

The Bank's shares are listed on the NSE and the BSE. The GDRs issued by the Bank are listed on the London Stock Exchange (LSE). The Bonds issued by the Bank under the MTN programme are listed on the Singapore Stock Exchange. The listing fees relating to all stock exchanges for the current year have been paid.

Sub-Division of the Bank's Equity Shares

In order to make equity shares of the Bank affordable for small retail investors, the Board of Directors has considered and approved the sub-division of one equity share of the Bank having a face value of ₹10 each into five equity shares of face value of ₹2 each. The sub-division of shares is subject to approval of the shareholders and any other statutory and regulatory approvals, as applicable.

DIVIDEND

The Bank's Diluted Earnings Per Share (EPS) for 2013-14 has risen to ₹132.23 from ₹118.85 last year. In view of the overall performance of the Bank and the objective of rewarding shareholders with cash dividends while retaining capital to maintain a healthy capital adequacy ratio to support future growth, the Board of Directors has recommended a higher dividend of ₹20.00 per equity share, compared to ₹18.00 per equity share declared last year. This dividend shall be subject to tax on dividend to be paid by the Bank. This increase reflects our confidence in the Bank's ability to consistently grow earnings over time.

BOARD OF DIRECTORS

During the year, some changes in the composition of the Board of Directors have taken place. Shri A. K. Dasgupta, nominee of Life Insurance Corporation of India (LIC), resigned as Director with effect from 4th June 2013 consequent upon his appointment as Insurance Ombudsman at Mumbai. Smt. Usha Sangwan was nominated by LIC as its nominee Director in place of Shri A. K. Dasgupta and was, accordingly, appointed as an Additional Director of the Bank with effect from 17th October 2013. The Board places on record its appreciation for the valuable services rendered by Shri A. K. Dasgupta during his tenure as Director of the Bank.

In order to comply with the provisions of the Companies Act, 2013, Shri K. N. Prithviraj and Shri V. Srinivasan are being considered for retiring by rotation at the Twentieth Annual General Meeting and, being eligible, offer themselves for re-appointment as Directors of the Bank.

SUBSIDIARIES

As on 31st March 2014, the Bank has eight subsidiaries: Axis Capital Ltd., Axis Securities Ltd., Axis Finance Ltd., Axis Private Equity Ltd., Axis Trustee Services Ltd., Axis Asset Management Company Ltd., Axis Mutual Fund Trustee Ltd. and Axis Bank UK Ltd.

Axis Capital Ltd. provides services relating to investment banking, equity capital markets, institutional stock broking, mergers and acquisition advisory etc. During the year, the business of marketing of credit cards and retail asset products and the business of retail broking services undertaken by Axis Capital Ltd. were demerged into Axis Securities Ltd., a wholly-owned subsidiary of Axis Capital Ltd. Subsequently, during the year, the Bank also acquired the remaining stake of Axis Capital Ltd. in Axis Securities Ltd. and consequently Axis Securities Ltd. has become a wholly-owned subsidiary of the Bank. Axis Securities Ltd. is primarily in the business of marketing of credit cards and retail asset products and also provides retail broking services. Axis Finance Ltd., is an NBFC and carries on the activities of loan against shares, margin funding, IPO financing etc. Axis Private Equity Ltd. primarily carries on the activities of managing equity investments and provides venture capital support to businesses. Axis Trustee

Services Ltd. is engaged in trusteeship activities, acting as debenture trustee and as trustee to various securitisation trusts. Axis Asset Management Company Ltd. undertakes the activities of managing the mutual fund business. Axis Mutual Fund Trustee Ltd. acts as the trustee for the mutual fund business. Axis Bank UK Ltd. commenced banking operations during the year after receipt of approval from the Financial Services Authority on 19th April 2013.

In terms of the General Circular No. 2/2011 dated 8th February 2011 issued by the Ministry of Corporate Affairs, Government of India, the copies of Directors' Reports, Auditors' Reports and the financial statements of the eight subsidiaries have not been attached to the accounts of the Bank for the financial year ended 31st March 2014. Any shareholder who may be interested in obtaining a copy of the aforesaid documents may write to the Company Secretary at the Registered Office of the Bank. These documents will also be available for examination by shareholders of the Bank at its Registered Office. The documents related to individual subsidiaries will similarly be available for examination at the respective registered offices of the companies. In line with the Accounting Standard 21 (AS-21) issued by the Institute of Chartered Accountants of India, the consolidated financial results of the Bank along with its subsidiaries for the year ended 31st March 2014 are enclosed as an Annexure to this report.

EMPLOYEE STOCK OPTION PLAN (ESOP)

The Bank has instituted an Employee Stock Option Scheme. The objective of the Scheme is to enhance employee motivation, enable employees to participate, whether directly or indirectly, in the long-term growth and financial success of the Bank, to act as a retention mechanism by enabling employee participation in the business as an active stakeholder to usher in an 'owner-manager' culture. Under the Scheme 48,017,400 options can be granted to the employees of the Bank and its subsidiaries including Whole-time Directors. The employee stock option scheme is in accordance with the Securities and Exchange Board of India (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999. The eligibility and number of options to be granted to an employee is determined on the basis of the employee's work performance and is approved by the Board of Directors.

Over the period February 2001 to July 2013, the Bank's shareholders approved plans for the issuance of stock options to employees on six occasions. Under the first two plans and upto the grant made on 29th April 2004, the option conversion price was set at the average daily high-low price of the Bank's equity shares traded during the 52 weeks preceding the date of grant at the Stock Exchange which has had the maximum trading volume of the Bank's equity share during that period. Under the third plan and with effect from the grant made by the Bank on 10th June 2005, the pricing formula has been changed to the closing price on the day previous to the grant date. The HR and Remuneration Committee and the erstwhile Remuneration and Nomination Committee granted options under these plans on thirteen occasions: 1,118,925 during 2000-01, 1,779,700 during 2001-02, 2,774,450 during 2003-04, 3,809,830 during 2004-05, 5,708,240 during 2005-06, 4,695,860 during 2006-07, 6,729,340 during 2007-08, 2,677,355 during 2008-09, 4,413,990 during 2009-10, 2,915,200 during 2010-11, 3,268,700 during 2011-12, 2,516,000 during 2012-13 and 2,003,000 during 2013-14. The options granted, which are non-transferable, vest at rates of 30%, 30% and 40% on each of three successive anniversaries following the grant, subject to standard vesting conditions, and must be exercised within three years of the date of vesting. As of 31st March 2014, 29,080,743 options had been exercised and 10,845,556 options were in force.

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

CORPORATE GOVERNANCE

The Bank is committed to achieve the highest standards of corporate governance, and it aspires to benchmark itself with international best practices in this regard. The corporate governance practices followed by the Bank are enclosed as an Annexure to this report. The Ministry of Corporate Affairs had issued Corporate Governance Voluntary Guidelines 2009. The Corporate Governance framework of the Bank incorporates majority of the recommendations contained in the above guidelines.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors hereby declares and confirms that:

- The applicable accounting standards have been followed in the preparation of the annual accounts and proper explanations have been furnished, relating to material departures.
- Accounting policies have been selected and applied consistently and reasonably, and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Bank and of the Profit and Loss of the Bank for the financial year ended 31st March 2014.

- Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies (Amendment) Act, 2000, for safeguarding the assets of the Bank, and for preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.
- The Bank has in place a system to ensure compliance of all laws applicable to the Bank.

STATUTORY DISCLOSURE

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

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

BUSINESS RESPONSIBILITY REPORT

The Securities and Exchange Board of India (SEBI) through its circular CIR/CFD/DIL/8/2012 dated 13th August 2012 has mandated the inclusion of Business Responsibility (BR) Report as part of the Annual Report for top 100 listed entities based on market capitalisation at Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) as on 31st March 2012. The Bank's Business Responsibility Report has been hosted on the Bank's website, www.axisbank.com. Any shareholder interested in obtaining a physical copy of the same may write to the Company Secretary at the Registered Office of the Bank.

AUDITORS

M/s Deloitte Haskins & Sells, Chartered Accountants, had been appointed by the shareholders at the Nineteenth Annual General Meeting as Statutory Auditors of the Bank for the year 2013-14 and will be retiring at the conclusion of the forthcoming Annual General Meeting. Deloitte Haskins & Sells have been the Statutory Auditors of the Bank since 2010-11. As per the regulations of Reserve Bank of India, the same auditors cannot be re-appointed for a period beyond 4 years. It is, accordingly, proposed to appoint M/s S. R. Batliboi & Co. LLP, Chartered Accountants, as the Bank's new Statutory Auditors subject to the approval by the shareholders. The shareholders are requested to consider their appointment on the remuneration to be decided by the Audit Committee of the Board. The Board of Directors places on record their appreciation of the professional services rendered by Deloitte Haskins & Sells, as the Statutory Auditors of the Bank.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

K. N. Prithviraj
Director

Shikha Sharma
Managing Director & CEO

Somnath Sengupta
Executive Director
& Head (Corporate Centre)

V. Srinivasan
Executive Director
& Head (Corporate Banking)

Place : Mumbai
Date : 26th April 2014

ANNEXURE

STATUTORY DISCLOSURES REGARDING ESOP
(FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH 2014)

Options Granted	44,410,590
Options Exercised & Shares Allotted*	29,080,743
Options lapsed/cancelled	4,484,291
Total Options (in force) as on 31st March 2014	10,845,556
Options Vested	6,042,426
Money realised by exercise of options (₹ in lacs)	97,559.14

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

Other details are as under:	
Pricing Formula	Fixed Price i.e. The average daily high - low price of the shares of the Bank traded during the 52 weeks preceding the date of grant at that stock exchange which has had the maximum trading volume of the Bank's share during that period. For options granted on and after 10th June 2005, the exercise price considered is the closing market price as on the day preceding the date of the grant at that stock exchange which has had the maximum trading volume of the Bank's share.
Variation in terms of ESOP	None
Details of options granted:	
• Employee wise details of grants to Senior managerial personnel	Managing Director & CEO: 875,000 options Executive Director & Head (Corporate Centre): 503,880 options ** Executive Director & Head (Corporate Banking): 390,000 options **
• Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year	Managing Director & CEO : 200,000 options granted during the year
• Identified employees who were granted options, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank under the grant	None
Diluted Earnings Per Share pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard AS-20 'Earnings Per Share'	₹132.23 per share
Weighted average exercise price of Options whose:	
• Exercise price equals market price	Weighted average exercise price of the stock options granted during the year is ₹1,444.80.
• Exercise price is greater than market price	Nil
• Exercise price is less than market price	Nil

** Includes options granted prior to appointment as Executive Director

Weighted average fair value of Options whose:	
• Exercise price equals market price	Weighted average fair value of the stock options granted during the year is ₹438.87.
• Exercise price is greater than market price	Nil
• Exercise price is less than market price	Nil
Fair Value Related Disclosure	
• Increase in the employee compensation cost computed at fair value over the cost computed using intrinsic cost method	₹103.48 crores
• Net Profit, if the employee compensation cost had been computed at fair value	₹6,114.19 crores
• Basic EPS, if the employee compensation cost had been computed at fair value	₹130.36 per share
• Diluted EPS, if the employee compensation cost had been computed at fair value	₹130.07 per share
Significant Assumptions used to estimate fair value	
• Risk free interest rate	7.45% to 7.57%
• Expected life	2 to 4 years
• Expected Volatility	33.86% to 36.93%
• Dividend Yield	1.36%
• Price of the underlying share in the market at the time of option grant	₹1,444.80

MANAGEMENT'S DISCUSSION AND ANALYSIS

MACRO-ECONOMIC ENVIRONMENT

Fiscal 2014 saw a combination of various external and internal events that kept markets turbulent, interest rates high and investor confidence low, resulting in shrinking investment and GDP growth. Due to apprehensions of an impending 'taper' of the US Federal Reserve's Quantitative Easing programme, emerging markets, including India, experienced foreign investment outflows and currency volatility. India's macroeconomic imbalances at the beginning of the year exposed it to this volatility as well, forcing stringent policy responses. However, improving fundamentals have gradually restored some stability in the markets.

Indian economic growth had slowed rapidly from 8.9% in 2010-11 to an officially estimated 4.9% in fiscal 2014, caused in large part by structural factors impeding investment activity. Decline in financial savings, sluggish growth in fixed capital formation over successive quarters, persistence of high inflation and low business confidence contributed to the decline in potential growth, particularly in the absence of adequate structural policy measures.

Inflation had emerged as the central concern during the year and in combination with the current account and fiscal deficits, had forced Reserve Bank of India (RBI) to raise its policy Repo rate by 75 basis points. While most of the slowdown was due to a steep drop in investment, a cut in the Government's spending in order to contain the fiscal deficit at less than the budgeted 4.8% of GDP also contributed to a slowdown in consumption. For fiscal 2014, fiscal deficit has been revised down to 4.6% of GDP.

The biggest turnaround was in the Current Account Deficit, which had shrunk from $88 billion in fiscal 2013 to $31 billion in the first 3 quarters of fiscal 2014. For fiscal 2014, the current account deficit is expected to be ~2% of GDP. With large capital inflows via Foreign Currency Non-Resident (FCNR-B) deposits and bank capital, the Rupee has stabilised at around 60-62/USD and has been one of the best performing emerging market currencies over the past few months.

The Repo rate increases have pushed up the floor for rates and despite liquidity infusion by RBI, short term interest rates have remained high. One of the consequences of the slowdown and high inflation has been a contraction of financial savings of households, with a preference for investment in assets like gold and real estate. This has, in turn, affected deposit accretion with banks. The exceptional liquidity tightening measures of RBI leading to higher rates had resulted in a temporary spike in credit growth in favour of banks compared to credit substitutes in the money market, but this had gradually normalised. On the resources front, strong NRI inflows through the FCNR(B) deposits route have helped improve deposit growth. For the fiscal 2014, deposit growth in the system was 14.6%, while credit growth was 14.3%.

Prospects for Fiscal 2015

While the medium term prospects point towards an improving growth scenario, given the improved macroeconomic fundamentals it is likely that there will only be a modest economic recovery in fiscal 2015. Globally, many emerging markets still look vulnerable and periodic flights to safe haven US Government securities could result in portfolio fund outflows. Although markets appear to have factored in a steady taper trajectory with relative stability, expectations of rising interest rates in the US in 2015 could result in a resumption of volatility.

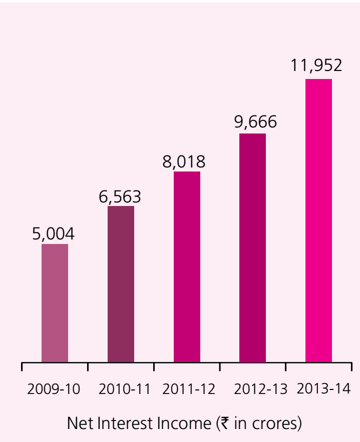
Inflation remained the key determinant for calibrating monetary and fiscal policies, including setting of policy interest rates. Headline CPI inflation is likely to meet the RBI glide path to 8% by January 2015. A consolidation of the fiscal environment might provide additional space for modest monetary policy stimulus. Interest rates across the yield curve are likely to move down from current levels. The extent of this drop will also be determined by the US Federal Reserve stance in increasing interest rates in 2015.

Both the gradual expected downward shift in inflation and moderating fiscal stress might allow RBI to ease its tight monetary policy stance later in the year, although this is contingent upon future inflation expectations. Measures to remove bottlenecks by the Government will also bring capex on track. Expected global recovery will help exports, adding to the growth revival. In fiscal 2015, RBI expects GDP growth to pick up and be in the range of 5-6%.

Financial savings are likely to improve with economic recovery and moderating inflation. This will push up bank deposits in fiscal 2015. We expect deposit growth in the range of 14-15% and credit growth between 15-16%.

OVERVIEW OF FINANCIAL AND BUSINESS PERFORMANCE

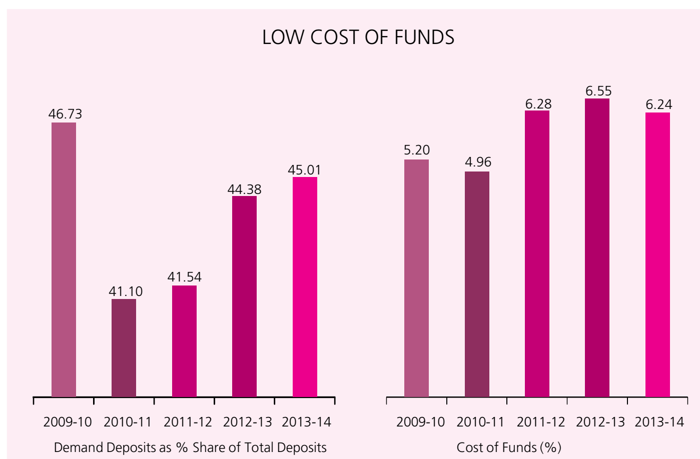
During 2013-14, the operating environment for the banking system continued to be challenging with persistent high inflation, muted growth, slowdown in credit off-take, concerns regarding growing non-performing assets and a high incidence of assets being restructured. Despite these challenges, the Bank's strategy to build its business upon strong customer franchises, while adopting a prudent approach, had resulted in delivering strong results. The underlying performance of the business remained strong with revenue growth remaining well ahead of cost growth. The Bank reported a net profit of ₹6,217.67 crores for the year ended 31st March 2014, registering a growth of 20.05% over the net profit of ₹5,179.43 crores last year. The healthy growth in earnings was driven by contribution from all segments. The Bank continued to focus on the quality of growth and displayed strong growth in key balance sheet parameters for the year ended 31st March 2014. The total assets increased by 12.53% to ₹383,245 crores, total deposits increased by 11.22% to ₹280,945 crores while total advances increased by 16.81% to ₹230,067 crores.



During the year, the Bank continued to expand its network, with increased focus on the semi-urban and rural areas. Both the Retail and SME segments continued to benefit from this network expansion and have justifiably remained the key growth drivers for the Bank during the year. The Bank remains committed to a customer-centric approach in dealing with its clientele aided by dependable technology and simple processes. A well distributed branch banking channel complemented by a robust alternate distribution channel have helped the Bank to deliver a wide range of products and services to its customers across the country and overseas.

The Bank continued to enhance shareholder value by delivering healthy financial return ratios in difficult economic conditions. Basic Earnings Per Share (EPS) was ₹132.56 compared to ₹119.67 last year, while the Diluted Earnings Per Share was ₹132.23 compared to ₹118.85 last year. Return on Equity (RoE) was 18.23% compared to 20.51% last year, impacted mainly due to the equity capital raising in the last quarter of 2012-13. However, Return on Assets (RoA) was 1.78% compared to 1.70% last year.

The Net Interest Margin (NIM) for the year was 3.81% compared to 3.53% last year. The asset quality remained stable with ratio of Gross NPAs to gross customer assets at 1.22% compared to 1.06% last year and Net NPA ratio (Net NPAs as percentage of net customer assets) was 0.40% compared to 0.32% last year.



CAPITAL MANAGEMENT

The Bank strives for continual enhancement of shareholder value by efficiently using capital in order to maximise return on equity. Aiming to achieve this objective, the Bank endeavours to develop an asset structure that will be sensitive to the importance of increasing the proportion of low risk weighted assets. The Bank's capital management framework helps ensure an appropriate composition of capital and an optimal mix of businesses.

RBI has issued Guidelines based on the Basel III reforms on capital regulation to the extent applicable to banks operating in India. These guidelines require among other things, higher levels of Tier I capital and common equity, capital conservation buffers, higher deductions from common equity and Tier I capital for investments in subsidiaries and changes in the structure of non-equity instruments eligible for inclusion under Tier I capital. The Basel III capital regulation has been implemented from 1st April 2013 in India in a phased manner and is to be fully implemented as on 31st March 2019. This will also align full implementation of Basel III in India closer to the internationally agreed date of 1st January 2019.

Accordingly, the Bank has computed Capital Adequacy Ratio (CAR) as on 31st March 2014 in terms of regulatory guidelines on Basel III, wherein the capital charge for operational risk is computed under the Basic Indicator Approach and the capital charge for credit and market risk is computed under the Standardised Approach. As on 31st March 2014, the Bank's CAR under Basel III was 16.07% (against the minimum regulatory requirement of 9%). Of this, the Common Equity Tier I (CET I) CAR was 12.62% (against minimum regulatory requirement of 5%) and Tier I CAR was 12.62% (against minimum regulatory requirement of 6.5%). As on 31st March 2014, the Bank's Tier II CAR was 3.45%. The capital adequacy ratio of the Bank computed under Basel II norms as on 31st March 2013 was 17.00% with tier I CAR of 12.23% and tier II CAR of 4.77%

The following table sets forth the capital, risk-weighted assets and capital adequacy ratios computed as on 31st March 2014 (under Basel III) and 31st March 2013 (under Basel II).

(₹ in crores)

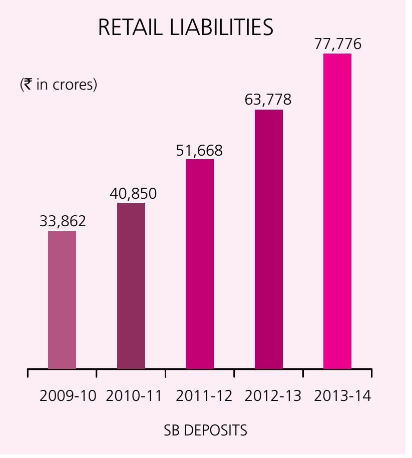
AS ON 31ST MARCH	2014 (under Basel III)	2013 (under Basel II)
Tier I Capital	35,805.48	31,596.80
Tier II Capital	9,790.55	12,334.32
Out of which		
- Tier II capital Instruments	8,802.04	11,483.19
- Other eligible for Tier II capital	988.51	851.13
Total Capital qualifying for computation of Capital Adequacy Ratio	45,596.03	43,931.12
Total Risk-Weighted Assets and Contingencies	283,807.26	258,355.49
Total Capital Adequacy Ratio	16.07%	17.00%
Out of above		
- Common Equity Tier I capital ratio	12.62%	12.23%
- Tier I capital ratio	12.62%	12.23%
- Tier II capital ratio	3.45%	4.77%

BUSINESS OVERVIEW

An overview of various business segments along-with their performance during financial 2013-14 and future strategies is presented below.

RETAIL BANKING

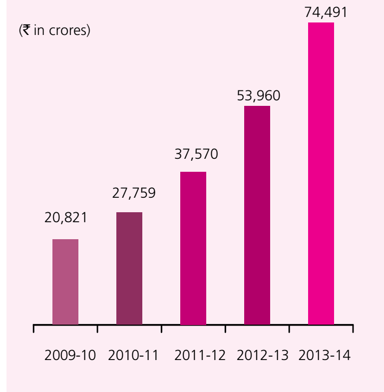
The Retail Banking segment is one of the key drivers of the Bank's growth strategy, encompassing a wide range of products delivered through multiple channels to its customers. The Bank today offers a complete suite of products across deposits, loans, investment solutions, payments and cards to its customers. The Bank is committed to developing long-term relationships with its customers by providing high-quality services and products through regular customer engagement in an easy and convenient manner. During the year, the Bank engaged in 'Lakshya', a retail banking transformation initiative, which is currently live in more than 1,100 branches, comprising around 80% of the Bank's low-cost deposit business. Various initiatives under the Lakshya program have helped increase sales productivity and operational efficiency while at the same time focusing on increasing customer satisfaction and improving employee work life balance.



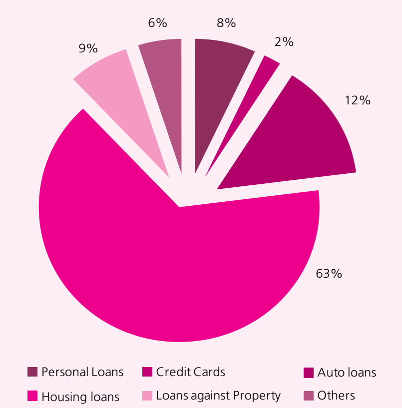
The Bank has over the years built its retail deposit franchise by pursuing a very robust and effective customer segmentation strategy. During the year, the Bank continued to focus on increasing its retail deposits base, particularly demand deposits. Savings Bank deposits have grown at a Compounded Annual Growth Rate (CAGR) of 24.67% over the last five years. During the year, Savings Bank deposits grew by 21.95% to ₹77,776 crores from ₹63,778 crores last year. On a daily average basis, Savings Bank deposits grew by 19.11% to ₹62,225 crores. As on 31st March 2014, the Bank had 133 lac savings account customers. With an objective to widen the retail deposit base, the Bank also continued its focus on increasing share of retail term deposits. As on 31st March 2014, retail term deposits grew 37.29% YoY to ₹84,233 crores. However, excluding the FCNR(B) deposits raised to avail the concessional swap facility provided by RBI, domestic retail term deposits grew 20.87%, constituting 56.01% of domestic term deposits. As on 31st March 2014, CASA and retail term deposits constituted 75% of total deposits compared to 69% a year ago. The domestic CASA and retail term deposits constituted 78% of total domestic deposits.

The Bank continued its focus on increasing share of retail loans to total advances. The retail assets portfolio of the Bank has increased to ₹74,491 crores as on 31st March 2014 from ₹53,960 crores last year, thereby registering a growth of 38.05%. As on 31st March 2014, retail loans constituted 32% of total advances as compared to 27% a year ago. Excluding loans against FCNR(B) deposits, the share of core retail loans was 31%. Secured loan products accounted for 86% of domestic retail loans, with home loans and loan against property accounting for 72% of the book, of which, home loan accounted for 63%. Auto loans accounted for 12%. Personal loans and credit cards were 10%, while non-schematic loans comprising loans against deposits, other securities etc. accounted for 4%. The Bank has further increased its geographical reach for sourcing retail loans. The Bank sources retail loans through 132 Asset Sales Centres. Retail loans are also originated from 1,716 branches. The Bank focused on increasing its retail loans by cross selling to internal customers. More than a third of the incremental retail loans are now sourced through branches and existing liability customers contribute almost two third of this incremental business. The credit quality of retail loans remained steady.

RETAIL ASSETS



COMPOSITION OF DOMESTIC RETAIL LOANS



The cards business is an integral part of the Bank's retail strategy with ever-increasing number of transactions moving to the electronic mode. The Bank is one of the largest debit card issuers in the country, with a base of 133.2 lac. The Bank had 13.8 lac credit cards in force as of 31st March 2014 which made it the 5th largest credit card issuer in the country. The Bank is also one of the largest acquirers of point-of-sale terminals in the country with an installed base of 2.48 lac.

The Bank offers a complete suite of banking and investment products under its NRI Services for Indians living and working overseas. As on 31st March 2014, the Bank's aggregate NRI deposits (Savings + Term Deposits) stood at ₹27,959 crores registering a growth of 113%. One of the reasons for this sharp growth was mobilisation of FCNR(B) Deposits in the light of various liberalised measures announced by RBI, which also included the concessional swap window for banks. The Bank has mobilised FCNR(B) Deposits amounting to USD 1.58 billion under this window. The Bank has 49 branches authorised to issue Portfolio Investment Scheme (PIS) permissions to NRI/PIO who want to trade in the Indian secondary markets through a registered stock broker on a recognised exchange. The Bank has a strong focus on customer service and provides a 24x7 integrated helpdesk for NRI customers with the facility of toll-free numbers from key geographies.

The products offered in the area of retail forex and remittances include travel currency cards, inward and outward wire transfers, traveller's cheques, foreign currency notes and remittance facilities through online portals as well as through collaboration with correspondent banks, exchange houses and money transfer operators. The Bank continued to have a market leadership position in Travel Currency Cards with 11 currency options other than INR. Additionally, the Bank offers a Multicurrency Forex Card, aimed at frequent travellers to multiple countries. The aggregate load value on travel currency cards crossed USD 4 billion during the year. The volumes of retail remittances rose by 44% during the year and the Bank processed outward remittances of USD 1.02 billion and inward remittances of USD 5.63 billion.

'Axis Bank Privée', offers private banking solutions to meet the personalised investment needs of high net worth individuals as well as the corporate advisory needs of families in business. Axis Bank Privée brings solutions offered by various business groups (retail and corporate) within the Bank and various group entities under one integrated platform.

The Bank also distributes third party products such as mutual funds, Bancassurance products (life and general insurance), online trading and gold coins through its branches. The Bank is one of the leading banking distributors of mutual funds in India and distributes mutual fund products of all major asset management companies. These products are sold through the Bank's branch distribution network based on client requirements. The Bank distributes life insurance products of Max Life Insurance Company. During the year, more than 2.4 lac lives were insured, with a collection of ₹1,052 crores towards annual premiums. In general insurance, the Bank has a tie up with Tata AIG (American International Group) and during the year sold more than 3.2 lac policies and collected ₹163 crores of premium. The Bank has consciously shifted its focus on health related products and has also created an additional avenue for selling general insurance products by launching outbound tele sales. The Bank offers online trading services to its customers in collaboration with Axis Securities Ltd. (a 100% subsidiary of the Bank) under the name Axis Direct, an enhanced and simplified online trading platform, which is now also available to NRI customers. During the year, the Bank opened more than 1.2 lac online trading accounts.

During the year, the Bank has introduced electronic know-your-customer (e-KYC) facility. Axis Bank has been the first Bank to introduce the e-KYC facility which facilitates Aadhaar-registered individuals to step into a branch and open an account, merely by providing his/her unique identification number and through biometric identification simplifying the KYC process and thereby providing a seamless customer experience.

In April 2013, the Bank launched India's first bank-wide customer loyalty program 'eDGE Loyalty Rewards'. 'eDGE Loyalty' rewards is designed to reward customers for every relationship they have with the Bank across savings accounts, cards and electronic channel transactions, providing multiple opportunities for the customer to earn rewards.

The Bank's organically built branch network over the last twenty years has helped it to strategically carve out one of the best pan India branch distribution networks. In the last few years, a higher share of branches have been added to semi-urban and rural areas, which comprise 52% of total branches as of 31st March 2014. During the year, the Bank added 455 branches of which 298 were rural unbanked branches. The geographical reach of the Bank extended to 29 states and 5 Union Territories, covering 1,636 centres and 535 districts. The Bank also added 1,677 ATMs during the year to reach a network size of 12,922 as on 31st March 2014 compared to 11,245 ATMs last year. The Bank has deployed 615 Automated Deposit Machines (for cash deposits into customer accounts) and has extended this 24x7 facility in certain branches, which have integrated self-service lobbies. Besides the ATM network, internet banking, mobile banking and phone banking have developed as important alternate distribution channels for the Bank.

CORPORATE CREDIT

The sustained slowdown in economic growth especially deceleration in the momentum of investments has reflected in the corporate sector loan growth. Certain initiatives taken by the Government during the year resulted in a minor uptick in the execution of the existing projects; however demand and growth of credit remained subdued. The corporate credit portfolio of the Bank comprising of advances to large and mid-corporates (including infrastructure) grew by 4.07% to ₹102,238 crores from ₹98,239 crores last year. As on 31st March 2014, large corporate advances at ₹53,706 crores decreased 1.13% comprising 23.34% of total advances, mid corporate advances at ₹21,422 crores grew 7.06% comprising 9.31% and infrastructure advances stood at ₹27,110 crores which grew 13.39% and comprised 11.78% of total advances. The Bank witnessed growth in its infrastructure loans mainly due to disbursements from earlier sanctions, in line with the progress in project execution. As on 31st March 2014, the corporate advances at overseas branches amounted to ₹31,716.17 crores (equivalent to USD 5.29 billion) and mainly comprised of loans to Indian corporates and their subsidiaries, which grew by 5.82% and accounted for 13.79% of total advances.

The relationship model introduced in earlier years, maintained its focus on increasing the Bank's wallet share by cross-selling a wide range of banking products to corporate customers and thereby increasing customer engagement. The Bank continued its focus on trade finance, treasury and other fee-based businesses. The Bank has been following a sectoral approach to credit where the focus is on identifying sector-specific opportunities and risk. The tracking of industry, group and company specific exposure limits are undertaken continuously with a view to identify and mitigate risk so as to facilitate proactive decision making. Portfolio diversification is also ensured through this continuous monitoring.

Despite the macroeconomic slowdown, the Bank actively managed its corporate credit portfolio, maintained asset quality and also pursued new lending opportunities in a judicious manner. The entire corporate credit portfolio of the Bank has been internally rated. Presently, 61% of outstanding loans and more than 80% of incremental sanctions during the year were rated 'A' and above in respect of total corporate loans. The share of loans rated 'AAA' was 11% as on 31st March 2014.

The Bank continued to retain its leadership position in the loan syndication market and syndicated an aggregate amount of ₹22,996 crores by way of Rupee loans and USD 1,977 million of foreign currency loans during the year.

TREASURY

The Treasury Group in the Bank includes the Global Markets Team dealing in interest rates and foreign exchange. Treasury plays an important role in the sovereign debt market, participating in primary auctions of RBI and market activities in Government securities. The Foreign Exchange Trading Group under Treasury is an active participant in the inter-bank/financial institutions space.

It also maintains proprietary positions to generate trading income for the Bank. Money Market and Balance Sheet Management groups within Treasury take care of asset-liability mismatches and interest rate sensitivities of the Bank's portfolio, along with the responsibility for liquidity management for the domestic operations and foreign branches in the different geographies. Over the last few years, the Bank has emerged as one of the leading banks providing foreign exchange and derivatives solutions along with trade finance services. Through its various verticals, the Treasury serves customers across various industries, segments and regions.

The Bank is a dominant player in the Debt Capital Market (DCM) Segment. During the current financial year, the Bank arranged ₹122,556 crores of bonds and debentures for various PSUs and corporates. For the sixth year in a row, the Bank has been ranked number one in Bloomberg league table for domestic corporate bonds in India. The Bank has also been ranked number one bank by The Asset Benchmark Research in local Asian Currency primary and secondary corporate bond markets. During the year, the Bank won the award for the 'Best Domestic Debt House - India' by Asia Money, Best Bond House in India by Finance Asia and Best Debt House - India by Euro Money.

The Global Financial Institutions Division (GFID) within Treasury is responsible for fostering business relationships with financial institutions (FI) across geographies and undertakes foreign currency fund raising. Global Trade Service Division (GTSD), housed in Treasury is entrusted with the responsibility of transforming Trade Finance business into a key flow business for the Bank by providing trade solutions for corporates as well as the FI clients of the Bank. The Customer Trade and Forex Group (CTFG), as part of Treasury, drives cross-border trade finance, remittances, capital account transactions and derivatives from all segments of corporate relationships through its dedicated and experienced Relationship Managers across the Bank.

BUSINESS BANKING

Business Banking provides payments and transaction banking solutions across corporates, SMEs, financial institutions, Government segments and small business customers. The key products offered are current accounts, collection and payment solutions, custodial and demat services.

Current accounts are a key focus area for the Bank, forming the bedrock of its transaction banking and payments franchise. Current account products are categorised into value-based products, segmented products for specific industry sectors (e.g. financial services, pharmaceuticals etc.) and need-based products (e.g. escrows, dividend payments etc.). The Bank leverages its distribution network and technology platform to deliver a seamless banking experience to its customers. The current accounts group is focused on augmenting its electronic channels and has rolled out an award-winning mobile application for its current account customers. The Business Banking team also works on various process redesign initiatives to deliver a simple, easy and user-friendly customer experience. The Bank had more than 16 lac live current account customers as on 31st March 2014, a YOY growth of 16%. As on 31st March 2014, Current account deposits stood at ₹48,686 crores and constituted 17.33% of total deposits. During the year, current account balances (on a daily average basis) grew by 9% to ₹31,281 crores from ₹28,698 crores last year.

The Bank has adopted a two-pronged approach in the collection and payments business - introducing new products, features and channels on the one hand and developing sector-specific solutions on the other. The Bank has made a significant technology investment in terms of an enterprise-wide payment hub, which when fully implemented is expected to augment the Bank's capabilities in the transaction banking business, across domestic and foreign currency transactions. The Bank offers advanced products such as Power Access®, which enable corporates and institutions to ensure straight-through transaction processing with multi-layered security protocols and customised MIS. The Bank has also been in the forefront of the rollout of the newly introduced NACH (National Automated Clearing House) mechanism and has taken the lead in terms of processing transactions on the NACH platform.

The Bank has identified select industry sectors as focus areas and has rolled out customised solutions to cater to the specific needs of clients in these sectors. Operational excellence is a key success factor in the collection and payments business and the Bank has embarked on a process improvement initiative to provide a solid platform for service delivery. The Bank processed transactions to the tune of ₹2,034,866 crores during 2013-14, a growth of 28% over the previous year. The Bank has one of the largest distribution channels to support the collections and payments business, with 959 locations enabled for collections and 421 branches enabled for remote printing of instruments. The Bank also acts as a Sponsor of White Labelled ATM deployers, being only the second Bank in the country to do so.

The Bank, in its capacity as an agency bank for various Central Government ministries, departments, State Governments and Union Territories, accepts income and other direct taxes. The Bank also handles the disbursement of civil and defence pension through the Centralised Pension Processing Centre (CPPC). In addition, the Bank provides collection and payment services to four Central Government ministries/departments and 13 State Governments and Union Territories. The Bank rolled out customised solutions such as PFMS (Public Financial Management System), e-procurement and e-freight to meet the unique needs of the Government segment. The Bank is the nodal bank for collection of subscription to the National Pension Scheme. During the year, the Bank also commenced opening of accounts under the Public Provident Fund scheme. The total Government business throughput during the year was ₹100,318 crores. The Bank has been awarded the mandate for handling 'Trustee Bank' services under National Pension System.

The Bank is a SEBI-registered custodian and offers custodial services to both domestic and offshore customers. As on 31st March 2014, the Bank held assets around ₹11,000 crores under its custody and had 3,459 demat accounts in the corporate and institutional segment.

LENDING TO SMALL AND MEDIUM ENTERPRISES

The Small and Medium Enterprises (SME) business thrives on relationship building and nurturing the entrepreneurial talent available. The Bank extends working capital, term loan, project finance as well as trade finance facilities to SMEs. This segment has been identified as one of the key growth areas for the Bank.

The Bank has segmented its SME business into three groups: Medium Enterprises Group (MEG), Small Enterprises Group (SEG) and Supply Chain Finance (SCF), which comprises 47%, 41% and 12% of SME advances respectively. During the year, advances to SMEs increased by 18.65% to ₹35,502 crores from ₹29,922 crores last year and constituted 15.43% of the Bank's total advances as compared to 15.19% at the end of last year. The Bank currently operates from 38 SME Centres and 16 SME Cells across the country compared to 32 SME Centres and 9 SME Cells last year, to service customers effectively covering 1,000 branches.

Keeping in mind the changing economic environment, the Bank has enhanced its risk management capabilities by developing an 'early warning system' model based on holistic customer information. The Bank has also adopted a granular approach in growing the SME portfolio by focussing primarily on better rated SME accounts. Incremental loan growth in SME is mainly driven by higher rated SME 1 to 3 categories which correspond to a single 'A' rating. The loan book remained well diversified and carried lower concentration risk with 80% of the outstanding loans being rated between SME 1 and SME 3. The SME business continues to perform well and the portfolio behaviour remained healthy.

The Bank also sponsors and supports initiatives and trade fairs to encourage SME growth. The Bank was a 'Presenting Partner' at Chennai, Ludhiana, Indore and Ahmedabad for Engineering Expos 2013, India's Largest SME Gathering on Manufacturing & Engineering. On the operational efficiency front, the Bank has implemented lean processes in the dealer finance business which has helped the Bank in significantly improving the turn-around time.

AGRICULTURE

The Bank continued its focus on providing need-based products to farmers and to participants within the agriculture value chain. Activity and geography specific products and product variants were introduced to effectively reach out to the various value chain participants and to meet their credit requirements. The Bank also continued to ally with reputed corporates in agro based industries to provide value to the farmers and value chain participants.

The hub and spoke model of branches supported by agriculture clusters and Agriculture Business Centres (ABC) continued in 2013-14 with increase in footprint. The agriculture business footprint of the Bank improved from 759 branches in 2012-13 to 1,073 branches which are supported by 111 agriculture clusters and 22 ABCs. New ABCs were formed in Hubli and Lucknow to improve market penetration in these regions.

In addition to credit support, the Bank provides a forum for knowledge sharing among farmers by aiding formation of farmer's clubs in co-ordination with National Bank for Agriculture and Rural Development (NABARD). As on 31st March 2014, the Bank had formed 124 farmer's clubs.

To support the weaker sections of society, the Bank undertakes direct lending to Joint Liability Groups (JLGs) in addition to funding Micro Finance Institutions (MFI) for on-lending. Under its direct social collateral lending initiative 'Axis Sahyog', the Bank uses technology to reach out to rural poor in the States of Madhya Pradesh, Bihar and Uttar Pradesh with the involvement of 43 branches and a loan book of ₹70.58 crores. Biometric technology enabled IT architecture is used for enrolment and for authorising transactions. The Bank also uses the services of institutional business correspondents for sourcing and servicing micro loans in a Southern State.

During the year, agriculture loans grew 20.14% to ₹17,836 crores and constituted 7.75% of the Bank's total advances as on 31st March 2014.

As on 31st March 2014, the Bank has achieved its overall priority sector lending requirements.

Financial Inclusion

Financial Inclusion (FI) remains a key driver in the Bank's strategy to extend its reach in the rural market. The Bank's Financial Inclusion initiatives gathered momentum and scale this year with the Bank opening around 14 lac basic savings bank accounts through its branches and Business Correspondent (BC) network. The Bank now has a FI customer base of around 74 lac customers being serviced through a network of 576 rural branches and more than 74,000 BC agents spread over more than 47,000 villages. Around 24% of the Bank's branches are in rural areas and 76% of the Bank's rural branches are in unbanked locations. The Bank has consolidated its strong position in G2C (Government to Consumer) payments, disbursing close to ₹764 crores of Government payments to around 31 lac beneficiaries across 28 districts in 9 states during 2013-14.

The Bank has further consolidated its position in C2C (Customer to Customer) transfers and has done more than ₹1,700 crores of domestic money transfers over 47 lac remittance transactions. The Bank has a KCC (Kisan Credit Card) book of ₹6,083 crores and a GCC (General Purpose Credit Card) book of ₹2,490 crores.

The Bank has taken a leadership position in the industry with respect to Aadhaar related initiatives. The Bank has opened 16 lac Aadhaar enabled bank accounts and handled ₹69 crores of Government benefits through APBS (Aadhaar Payments Bridge System). The Bank is at No.1 position amongst all banks with respect to Aadhaar enabled payments, having done close to 19 lac AEPS (Aadhaar Enabled Payment System) transactions amounting to ₹86 crores. The Bank was the first amongst all banks to launch the facility of account opening this year for the FI customers in a paperless and near instant fashion through the BC channel via the e-KYC route and has opened more than 26,000 accounts through this route in just one district (Adilabad) of A.P.

INTERNATIONAL BANKING

The international operations of the Bank continue to be at the core of its strategy to expand the horizon of the product offerings, and delivery channels to various geographies and across client segments, covering a wide spectrum of retail and corporate banking solutions. During the year, the Bank expanded its overseas branch network by upgrading its representative office in Shanghai into a branch. The Bank is the first Indian private sector bank to set up a branch in China. Further during the year, the Bank's first overseas banking subsidiary - Axis Bank UK Limited commenced its operations. The Bank now has overseas presence in six countries with network of five branches at Singapore, Hong Kong, DIFC – Dubai, Colombo (Sri Lanka) and Shanghai (China), two representative offices at Dubai and Abu Dhabi and an overseas banking subsidiary in the United Kingdom.

While corporate banking, trade finance, treasury and risk management solutions are the primary offerings through its overseas branches, the Bank also offers retail liability products from its branches at Hong Kong and Colombo. Further, the Bank's Gulf Co-operation Council (GCC) initiatives in the form of representative offices in Dubai and Abu Dhabi and alliances with banks and exchange houses in the Middle East provide the support for leveraging the business opportunities emanating from the large NRI diaspora present in these countries.

As on 31st March 2014, the total assets at overseas branches stood at USD 7.20 billion compared to USD 6.84 billion last year. Axis Bank UK Limited, the Bank's overseas banking subsidiary, has managed to breakeven in its first year of operations and its total assets stood at USD 372 million as on 31st March 2014.

RISK MANAGEMENT

The risk management objective of the Bank is to balance the trade-off between risk and return, and ensure optimum risk-adjusted return on capital. The risk is managed through a risk management architecture as well as through policies and processes approved by the Board of Directors encompassing independent identification, measurement and management of risks across the various businesses of the Bank. An independent risk management function ensures that the Bank operates within the Board approved risk appetite. The risk management function in the Bank strives to proactively anticipate vulnerabilities at the transaction as well as at the portfolio level, through quantitative or qualitative examination of the embedded risks. The Bank continued to focus on refining and improving its risk measurement systems not only to ensure compliance with regulatory requirements, but also to ensure better risk-adjusted return and optimal capital utilisation, keeping in view its business objectives.

The overall risk appetite and philosophy of the Bank is defined by its Board of Directors. Further, the Individual Capital Adequacy Assessment Process (ICAAP) of the Bank assesses all the significant risks associated with various businesses. The independent risk management structure within the Bank is responsible for managing the credit risk, market risk, liquidity risk, operational risk and exercising oversight on risks associated with subsidiaries. The risk management processes are guided by well-defined policies appropriate for the various risk categories viz. credit risk, market risk, operational risk, liquidity risk, counterparty risk, country risk and subsidiaries risk, supplemented by periodic validations of the methods used and monitoring through the sub-committees of the Board. The Risk Management Committee (RMC), a committee constituted by the Board, approves policies related to risk and reviews various aspects of risk arising from the businesses undertaken by the Bank. The Committee of Directors (COD) and the Audit Committee of the Board (ACB) supervises certain functions and operations of the Bank, which ultimately enhances the risk and control governance framework within the Bank. Various senior management credit and investment committees, Credit Risk Management Committee (CRMC), Asset-Liability Committee (ALCO), Operational Risk Management Committee (ORMC) and Subsidiaries Risk Management Committee (SRMC) operate within the broad policy framework of the Bank.

Credit Risk

Credit risk is the risk of financial loss if a client, issuer of securities that the Bank holds or any other counterparty fails to meet its contractual obligations. Credit risk arises from all transactions that give rise to actual, contingent or potential claims against any counterparty, borrower or obligor. The goal of credit risk management is to maximise the Bank's risk-adjusted rate of return on capital by maintaining targeted asset quality and managing the credit risk inherent in individual exposures as well as at the portfolio level. The emphasis is placed, both on evaluation and containment of risk at the individual exposures and analysis of the portfolio behaviour.

The Bank has a structured and standardised credit approval processes, including a well-established procedure of comprehensive credit appraisal. Every extension of credit facility or material change to a credit facility to any counterparty requires credit approval at the appropriate authority level. Internal risk rating remains the foundation of the credit assessment process, which provides standardisation and objectivity to the process. All sanctioning processes including the delegation of powers are linked to the ratings and the sizes of the exposure. The monitoring frequency applicable to the exposure also depends on the rating of the exposure. Individual borrower exposure ceilings linked to the internal rating and sector specific caps are laid down in the Credit Policy to avoid concentration risk. For the retail portfolio including small businesses and small agriculture borrowers, the Bank uses different product-specific scorecards. Both credit and market risk expertise are combined to manage risks arising out of traded credit products such as bonds and market related off-balance sheet transactions. Model validation is carried out periodically by objectively assessing its discriminatory power, calibration accuracy and stability of ratings both by the Risk Department as well as independently by a Validation Committee.

The Bank continuously monitors portfolio concentrations by segment, borrower, groups, industry and geography, where applicable. Portfolio level delinquency matrices are tracked at frequent intervals with focus on detection of early warning signals of stress. Key sectors are analysed in detail to suggest strategies for business, considering both risks and opportunities. Such analysis is reviewed by the Credit Risk Management Committee to arrive at the appropriate industry ceilings as well as define the origination and account management strategy for the sector. The Risk Management Committee of the Board periodically reviews the impact of the stress scenarios resulting from various scenarios like increased provisioning requirements, rating downgrades, or drop in the asset values in case of secured exposures, on the portfolio. The portfolio level risk analytics provide insight into the capital allocation required to absorb unexpected losses at a defined confidence level.

Market Risk

Market risk is the risk of losses in 'on and off-balance sheet' positions arising from the movements in market price as well as the volatilities of those changes, which may impact the Bank's earnings and capital. The risk may pertain to interest rate related instruments (interest rate risk), equities (equity price risk) and foreign exchange rate risk (currency risk). Market Risk for the Bank emanates from its trading and investment activities, which are undertaken both for the customers and on a proprietary basis. The market risk management framework of the Bank aims at maximising the risk adjusted rate of return by providing inputs regarding the extent of market risk exposures, the performance of portfolios vis-à-vis the risk exposure and comparable benchmarks. The Bank adopts a comprehensive approach to market risk management for its banking book as well as its trading book for both its domestic and overseas operations. The market risk management framework of the Bank provides necessary inputs regarding the extent of market risk exposures, the performance of portfolios vis-à-vis the risk exposure and comparable benchmarks which assists in maximising the risk-adjusted rate of return of the Bank's trading and investment portfolio.

Market risk management is guided by well-laid policies, guidelines, processes and systems for the identification, measurement, monitoring and reporting of exposures against various risk limits set in accordance with the risk appetite of the Bank. Treasury Mid-Office independently monitors the Bank's investment and trading portfolio in terms of risk limits stipulated in the Market Risk Management Policy and reports deviations, if any, to the appropriate authorities as laid down in the policy. The Bank utilises both statistical as well as non-statistical measures for the market risk management of its trading and investment portfolios. The statistical measures include Value at Risk (VaR), stress tests, back tests and scenario analysis while position limits, marked-to-market (MTM), stop-loss limits, alarm limits, gaps and sensitivities (duration, PVBP, option greeks) are used as non-statistical measures of market risk management.

Historical simulation and its variants are used to compute VaR for the trading portfolio which is calculated at a 99% confidence level for a one-day holding period over a time horizon of 250 days. VaR models for different portfolios are back-tested on an ongoing basis and the results are used to maintain and improve the efficacy of the model. VaR measurements are supplemented with a series of stress tests and sensitivity analysis as per a well laid stress testing framework.

Liquidity Risk

The Asset Liability Management Policy of the Bank stipulates broad framework for liquidity risk management to ensure that the Bank is in a position to meet its daily liquidity obligations as well as to withstand a period of liquidity stress from, bank-wide factors, market-wide factors or a combination of both.

The liquidity profile of the Bank is analysed on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios and conduct of liquidity stress tests periodically. The liquidity position is monitored for both domestic as well as overseas operations. The Bank has laid down liquidity risk policies for its overseas branches in line with host country regulations and the asset-liability management framework as stipulated for domestic operations. Periodical liquidity positions and liquidity stress results of overseas branches are reviewed by the Bank's ALCO.

RBI has released draft guidelines on liquidity risk management and the Basel III framework on liquidity standards. The Bank has taken appropriate steps to ensure adoption of these guidelines within the timeframe stipulated by RBI. The liquidity guidelines have been integrated into the asset liability management framework of the Bank through suitable amendments in order to ensure adherence to RBI guidelines on monitoring and management of liquidity including liquidity ratios.

Operational Risk

Operational risks may emanate from inadequate and/or missing controls in internal processes, people and systems or from external events or a combination of all the four. The Bank has in place an Operational Risk Management (ORM) Policy to manage the operational risk in an effective, efficient and proactive manner. The policy aims at assessing and measuring the magnitude of risks, monitoring and mitigating them through well-defined framework and governance structure.

The RMC at the apex level is the policy making body and is supported by the Operational Risk Management Committee (ORMC), responsible for the implementation of the Operational Risk framework of the Bank and the management of operational risks across the Bank. A sub-committee of the ORMC, Sub-ORMC has been constituted to assist the ORMC in discharging its functions.

All new products and processes are subjected to risk evaluation by the Bank's Product Management Committee and Change Management Committee. Outsourcing arrangements are examined and approved by the Bank's Outsourcing Committee. The IT Security Committee of the Bank provides directions for mitigating operational risk in the information systems. The Bank has set up a comprehensive Operational Risk Measurement System (ORMS) through the implementation of a software solution.

Recognising its responsibility to ensure continuity of service to its large customer base, the Bank has placed a well-defined Business Continuity Framework. The effectiveness of the approved Business Continuity Plan (BCP) framework is tested for all identified critical internal activities to ensure readiness to meet various contingency scenarios. The learning from the BCP exercises are used as inputs to further refine the framework.

The Bank has set up a Financial Crime Management Unit within the Risk department covering oversight on Anti-Money Laundering / Combating Financial Terrorism (AML/CFT), Continuous Offsite Monitoring and Surveillance (COSMOS), Off-Site Audit and Fraud Management and MIS.

OPERATIONS

The business process re-engineering carried out over the past few years, has resulted in a separation of the production and distribution functions. The Bank now carries out most significant back-office functions on a centralised basis with product sales and customer handling (the distribution technology) primarily carried out at the branches. This has not only helped in reduction of transaction costs but has also ensured smoothness in operations and increase in productivity. To bring about greater precision in the management of operations in both the corporate and retail side of the Bank's businesses, operational processes were constantly refined from the perspective of implementation of best practices, risk identification and containment. Operational instructions were issued on a continual basis and efforts were made to introduce risk-free working at branches.

Retail Banking Operations

The Retail Banking Operations (RBO) unit oversees the operations carried out under branch banking with a focus on service delivery, risk containment and regulatory compliance. This unit operates closely with the Retail Liabilities Team as well as with the Control Units and ensures that branch services meet the business objectives along with risk and compliance requirements. It carries out oversight through continuous remote monitoring as well as visits to branches on a periodical basis. It ensures that the branch operations are efficient and plays a valuable role in delivering services to customer at branches.

The Retail Business Processes (RBP) team manages the centralised back-end processing for various activities, such as data processing for new customers, servicing of transactions and reconciliation activities related to retail banking, cards, consumer lending, business banking, depository services, rural and agricultural banking. The team brings efficiencies of scale to the above mentioned business lines. Operations are managed through two National Processing Centers supported by 23 Regional Centers through a hub and spoke network.

Wholesale Banking Operations

Wholesale Banking Operations (WBO) is structured into four key verticals - Treasury Operations, Corporate Banking Operations, Trade and Forex Operations (TFO) and Centralised Collection and Payment Hub (CCPH). These verticals are responsible for providing best-in-class service to non-retail customers of the Bank, while addressing various regulatory requirements and internal compliance.

Treasury Operations carries out the functions of settlement and accounting of treasury-related transactions and operates the centralised electronic payment hubs for RTGS (Real Time Gross Settlement) and NEFT (National Electronic Funds Transfer). Corporate Banking Operations (CBO) ensures delivery, control, monitoring and administration of credit facilities of large corporates, mid corporates, SME and corporate agriculture segments. It also processes domestic trade finance, channel finance and micro finance transactions. CBO operates through Corporate Banking Branches (CBBs) located at 8 major centres, 59 Mini-Credit Management Centres (MCMCs) at Tier II cities and Corporate Credit Operations Hub (CCOH) at Hyderabad and Gurgaon. These units, manned by experienced professionals, are trained to handle corporate credit function in close co-ordination with the business verticals responsible for sourcing and sanction of credit facilities to corporates. The Trade and Forex Operations (TFO) handles remittances and trade finance transaction processing on behalf of distribution channels dealing in trade finance and foreign exchange through 202 'B' category branches and state-of-the-art centralised knowledge processing centres located at Mumbai and Hyderabad. TFO intrinsically has a high level of regulatory requirements, which is effectively addressed by the specialised staff at TFO units. The Centralised Collections & Payment Hub (CCPH) handles payments and collections and operates through 2 units located at Mumbai and Hyderabad. Further, in order to extend operational support and customer hand-holding at the local level, 36 Transaction Banking Centres (TBCs) have been set-up under CCPH, which are manned by skilled resources. CCPH works in close association with the Business Banking team of the Bank, thereby ensuring efficient service delivery coupled with control over operations.

INFORMATION TECHNOLOGY

The Bank's continuous endeavour has been to use technology to further improve the customer's experience while transacting with the Bank. In this regard, it has empowered its relationship managers with a complete 360 degree view of the customer's relationship with the Bank. Thus, it has concisely captured the customers' existing relationship and likely future needs leading to superior service, better business opportunities through higher cross sell using a seamless multi-channel experience. To further the Bank's green initiatives, technology has helped in issuance of Green Pin through ATM and IVR channels for new to bank debit card customers resulting in cost savings in deliverables management. Further, technology has been one of the key contributors in the Bank's launch of multi-currency travel cards. A new and faster platform was implemented to enable foreign exchange money transfers for retail customers. The Bank has also re-vamped its loan system architecture with in-memory computing, a much faster process to achieve higher volumes and faster turnaround time in loan processing.

The Bank's Financial Inclusion (FI) initiatives have also benefited from efficient use of technology. Ultra small branches set up to cater to FI customers are enabled with systems for account opening and transaction processing through biometric authentication. FI gateway was setup to integrate BC's (Business correspondent) System to the Core banking System and regulatory bodies such as UIDAI (Unique Identification Authority of India), NPCI (National Payments Corporation of India) to facilitate online authentication and transaction processing. Information Technology has also aided in improving the Bank's services to its corporate clients. An Electronic Payments Hub is being implemented to enable faster processing of large volumes of transactions, which facilitated efficient cash management for corporates.

The recent years have seen high adoption of internet and mobile technologies in banking. As more and more people are moving towards digital channels for their banking needs, technology continues to be a key enabler of business growth as well as a source of competitive advantage. The Bank has recognised digital channels as focus areas for enabling superior customer experience leading to increased business opportunities. To achieve this objective, the Bank has made strategic investments in electronic channels with the launch of the new Axis Mobile Application for its customers in August 2013. Post the launch, the Bank has achieved over 10 lac downloads. The Axis Mobile Application offers personalisation depending on the user segments and has social media integration capabilities. Since its launch, the Application has contributed to an increase of almost 200% in the overall mobile user base.

The Bank has taken a series of steps to improve risk management and control. The Bank has completed reissuance of chip cards in case of eligible debit cards and all credit cards as per RBI mandate. New system has been implemented for better credit assessment of customers via multi-bureau connectivity. Real-time risk scoring and transaction stoppage mechanism has been implemented to ensure robust fraud management control for cards, channels and core banking systems. Fraud monitoring is done for both offline and online transactions giving the Bank 24x7 capability for detection of suspected frauds. Security features of the Bank's website have been fortified with risk based adaptive authentication, cooling period on beneficiary registration and presenting security questions to validate customers identity based on customer's geographic location, internet protocol (IP) address and machine fingerprint. On the Information Security aspect, the Bank has rolled out data leakage prevention solution to protect the sensitive data pertaining to the Bank and customers from being misused.

The Bank has made significant progress in implementing the recommendations of the RBI Working Group issued in April 2011 on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds. The Bank is committed to implementing the recommendations on the various subject areas indicated in the guidelines. The Bank has put in place the appropriate organisational framework as recommended in the guidelines. Several information security solutions have been implemented like Data Leakage Prevention (DLP), Distributed Denial-of-Service (DDoS) attack mitigation, ISO 27001:2005 standard, Privileged Identity Access Management, Information Rights Management (IRM), Database encryption, Laptop encryption etc. to protect customer data, prevent external attacks as well as strengthening internal controls.

The Security Website http://www.axisbank.com/SecurityPortal/index.aspx was developed by the Bank for its customers to make them aware on safe e-banking practices. Policies and procedures of the Bank have also been reviewed and suitably modified. The progress in each area of the recommendations has been closely monitored by the top management and the status of implementation has been reported to the Board and RBI at regular intervals.

COMPLIANCE

The Bank has always adhered to the highest standards of compliance and corporate governance. It has put in place controls and an appropriate structure to monitor that the operating and business units strictly comply with regulatory and internal guidelines. The Compliance function facilitates in instilling and strengthening a Compliance Culture within the Bank through various enablers like dissemination of regulatory changes and spreading compliance knowledge through training, newsletters and direct interaction. The level of compliance is monitored through a Compliance Testing Programme, which is undertaken twice a year. As the focal point of contact with RBI and other regulatory entities, the Compliance Department periodically apprises both the Bank's management as well as the Board of Directors on the compliance status of the Bank and changes in regulatory environment.

Introduction of new as well as changes to the existing products and processes are subjected to scrutiny to ensure that they are in adherence with the relevant regulatory guidelines. The Bank has implemented the first stage of an Enterprise-wide Governance Risk and Compliance Framework, an online tool, which would address operational, compliance and financial reporting risks and help in bringing efficiency in processes and improvement in compliance levels. Significant aspects of the Bank's compliance culture are the Whistle-blower Policy, Code of Right Sell and zero tolerance for fraud, corruption and financial irregularities. The Department also propagates and monitors a Group Compliance approach encompassing the Bank and its subsidiaries.

INTERNAL AUDIT

The Bank's Internal Audit function aims at providing an independent assessment on the adequacy and effectiveness of the processes for controlling its activities and also managing its significant risks. The Internal Audit function undertakes a comprehensive risk-based audit in respect of auditee units. The Bank has adopted a well-defined policy for undertaking Risk Based Internal Audit. This policy includes the risk assessment methodology for identifying the risk areas based on which the audit plan is drawn. The audit plan is aligned vis-à-vis the strategic objectives of the Bank. Accordingly, the Bank undertakes internal audit of its auditee units at a frequency synchronised to the risk profile of each auditee unit in line with the spirit of guidelines relating to Risk-Based Internal Audit (RBIA). The scope of RBIA, besides examining the adequacy and effectiveness of internal control systems and external compliance, also evaluates the risk residing at the auditee units. The RBIA approach has been structured taking into account regulatory guidelines and international best practices. To complement the Internal Audit function, the Bank has put in place a robust Concurrent Audit system.

To ensure independence of the Audit function and in line with the best corporate governance practices, the Internal Audit Department functions independently under the supervision of the Audit Committee of the Board, which reviews the performance of the internal audit function and effectiveness controls laid down by the Bank and compliance with regulatory guidelines.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank appreciates its role as an agent of change and development for the communities it serves. Axis Bank Foundation (ABF) was set up as a Public Trust in 2006 to carry out the Corporate Social Responsibility initiatives of the Bank. ABF's philosophy is to strive to improve the standard of living of underprivileged people in India, by providing them education, healthcare and sustainable livelihoods. The Foundation also aims to help create capabilities in terms of skills and employment opportunities for disadvantaged/differently abled people, especially children. The Bank contributes one percent of its net profit annually to the Foundation under its CSR initiatives. Presently, the Foundation is running 39 programs over 185 districts in 24 states and has reached out to 4.42 lac beneficiaries.

The Foundation, presently, runs 20 programs in the field of education covering 20 districts in 10 states providing education to underprivileged individuals across India through special education, supplementary education, primary education, vocational training etc. As of 31st March 2014, the cumulative disbursals for the various education programs were to the tune of ₹43.40 crores. Through these programs the Foundation has touched almost 1.5 lacs lives. The Foundation has been partnering with Lifeline Foundation since 2007 providing highway trauma care and medical relief which ensures free evacuation of accident victims from the accident spot to the nearest hospital. As of 31st March 2014, 19,660 accident victims were attended to in the states of Rajasthan, Maharashtra, Kerala and Gujarat.

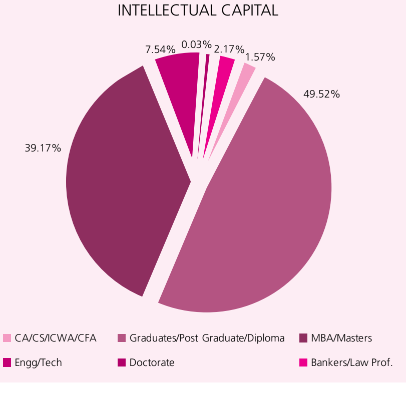
In 2011, the Foundation ventured into the domain of providing sustainable livelihoods which aim at alleviating poverty and providing livelihood options for economically weak households. The Foundation aims to provide one million livelihoods to the underprivileged in some of the most backward regions of the country by 2017, 60% of the beneficiaries being women. Presently, 18 programs are running in the field of livelihood covering over 165 districts in 23 states. As of 31st March 2014, the cumulative disbursals for the various livelihood programs were to the tune of ₹86.98 crores.

The Foundation provides Axis Bank staff opportunities to volunteer and participate in its various initiatives and also runs a payroll program to collect contributions from the employees. During the year, 8,019 employees of the Bank have enrolled for the payroll program and the monthly collection amounted to ₹15.19 lac.

HUMAN RESOURCES

The Human Resource (HR) function in the Bank remains focused on improving organisational effectiveness, developing frontline leaders, promoting employee empowerment and maintaining stability and sustainability amidst growth and a rapidly changing business environment.

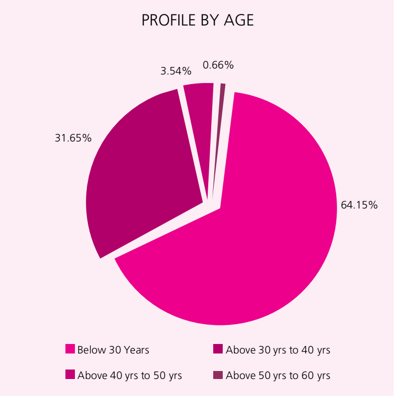
The Bank focuses on innovative strategies in building talent pipelines, by entering into arrangements and tie-ups with educational institutes and universities of repute, for ensuring adequate supply of skilled manpower with day zero productivity to support its growing business. Leadership Development is another element in the Bank's HR objectives with particular focus on developing strategic leadership capabilities in future leaders. The Bank partners with the best-in-class leadership trainers to impart leadership training. To develop a common leadership language, a culture of leadership development and most importantly, a leadership pipeline, Axis Leadership Practices (ALPs) have been defined for employees at different levels of the hierarchy to promote desired behaviours and are integrated to people processes like Talent Acquisition, Performance Management System, Leadership Development and Feedback.



The Bank has built a learning infrastructure where the Learning Maps are aligned to the overall development plan of employees and facilitate learning process across all levels through a blended learning approach of classroom programmes, external programmes, certification programmes as well as e-learning modules. The Bank's online learning management system 'Axis Academy' reaches out to the dispersed employee base in a cost effective and timely manner.

The Bank promotes a healthy and safe work environment for its employees by offering several health and wellness initiatives and campaigns throughout its network for a positive health and safety culture. The Bank fosters work-life balance and condemns any kind of unfair treatment in the workplace. Regulation and compliance have remained as the major focus areas for the Bank. The Bank enforces a strict compliant and ethical culture with adequate channels for raising concerns supported by a grievance handling mechanism.

To foster a spirit of connectedness, the Bank hosts several employee engagement programmes through online and offline channels to connect its thinly-spread employee population across a widely dispersed geographical network. Through these platforms, employees can share their unique experiences, best practices and cast their opinion and feedback about the Bank's products and services. The Bank conducts Employee Engagement surveys to seek regular feedback from employees on the policies and practices to strengthen its journey towards creating a team of empowered employees oriented towards the realisation of the Bank's corporate vision.



The strength of the workforce was 42,420 at the end of the year as compared to 37,901 last year. A young and engaged workforce with an average age of 29 years and the Bank's policy on being an equal opportunity employer continued to significantly contribute towards the Axis Bank brand.

The Bank is also a socially responsible employer. In addition to the activities carried out through 'Axis Bank Foundation', the Bank partners with 'Teach for India' in its mission to reform education and seek an innovative solution to ending educational inequality in India by deputing employees as Fellows in their programme. The Bank continued to strive towards realisation of its vision of being the preferred financial service provider excelling in customer delivery through insight, empowered employees and smart use of technology, which has contributed in a big way to the increase in employee productivity year-on-year.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

AXIS BANK LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **AXIS BANK LIMITED** ("the Bank"), which comprise the Balance Sheet as at 31 March, 2014, the Profit and Loss Account and the Cash Flow Statement of the Bank for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Bank's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, Accounting Standards notified under the Companies Act, 1956 (which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India, in so far as they apply to the banks and the Guidelines issued by the Reserve Bank of India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949; the Companies Act, 1956 in the manner so required for banking companies and the Guidelines issued by the Reserve Bank of India from time to time and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31 March, 2014;

(b) in the case of the Profit and Loss Account, of the profit of the Bank for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows of the Bank for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 227(3) of the Companies Act,1956 and Section 30 of the Banking Regulation Act,1949, we report that:

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

   (b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.

(c) In our opinion, the transactions of the Bank which have come to our notice have been within the powers of the Bank.

(d) The financial accounting systems of the Bank are centralised and, therefore, accounting returns are not required to be submitted by the Branches.

(e) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(f) In our opinion, the Balance Sheet, the Profit and Loss Account, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).

(g) On the basis of the written representations received from the Directors as on 31st March, 2014 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

2. We report that during the course of our audit we have visited 150 Branches. Since the key operations of the Bank are completely automated with the key applications integrated to the core banking systems, the audit is carried out centrally at the Head Office as all the necessary records and data required for the purposes of our audit are available therein and the Branches are not required to submit any financial returns.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117365W)

Z. F. Billimoria
Partner
(Membership No. 42791)
Date : 25th April, 2014
Place : Mumbai

AXIS BANK LIMITED - BALANCE SHEET

BALANCE SHEET AS AT 31 MARCH, 2014

	Schedule No.	**As at 31-03-2014 (₹ *in Thousands)***	As at 31-03-2013 (₹ *in Thousands)*
CAPITAL AND LIABILITIES			
Capital	1	**4,698,446**	4,679,545
Reserves & Surplus	2	**377,506,419**	326,399,054
Deposits	3	**2,809,445,649**	2,526,135,881
Borrowings	4	**502,909,425**	439,510,984
Other Liabilities and Provisions	5	**137,888,943**	108,881,120
TOTAL		**3,832,448,882**	3,405,606,584
ASSETS			
Cash and Balances with Reserve Bank of India	6	**170,413,196**	147,920,883
Balances with Banks and Money at Call and Short Notice	7	**111,973,750**	56,428,716
Investments	8	**1,135,484,344**	1,137,375,370
Advances	9	**2,300,667,584**	1,969,659,574
Fixed Assets	10	**24,102,106**	23,556,420
Other Assets	11	**89,807,902**	70,665,621
TOTAL		**3,832,448,882**	3,405,606,584
Contingent Liabilities	12	**5,748,447,900**	5,481,158,951
Bills for Collection		**366,015,787**	278,948,780
Significant Accounting Policies and Notes to Accounts	17 & 18		
Schedules referred to above form an integral part of the Balance Sheet			

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

Z. F. Billimoria
Partner

For Axis Bank Ltd.

Shikha Sharma
Managing Director & CEO

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Samir K. Barua
Director

Somnath Sengupta
Executive Director &
Head (Corporate Centre)

V. Srinivasan
Executive Director &
Head (Corporate Banking)

Sanjeev Kapoor
Company Secretary

Sanjeev K. Gupta
President & CFO

Date : 25 April, 2014
Place: Mumbai

AXIS BANK LIMITED - PROFIT & LOSS ACCOUNT

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2014

		Schedule No.	**Year ended 31-03-2014 (₹ *in Thousands*)**	Year ended 31-03-2013 (₹ *in Thousands*)
I	**INCOME**			
	Interest earned	13	**306,411,554**	271,825,744
	Other income	14	**74,052,247**	65,511,063
	TOTAL		**380,463,801**	337,336,807
II	**EXPENDITURE**			
	Interest expended	15	**186,895,220**	175,163,111
	Operating expenses	16	**79,007,739**	69,142,375
	Provisions and contingencies	18 (1.1.1)	**52,384,176**	41,236,992
	TOTAL		**318,287,135**	285,542,478
III	**NET PROFIT FOR THE YEAR (I - II)**		**62,176,666**	51,794,329
	Balance in Profit & Loss Account brought forward from previous year		**100,292,624**	73,294,476
IV	**AMOUNT AVAILABLE FOR APPROPRIATION**		**162,469,290**	125,088,805
V	**APPROPRIATIONS :**			
	Transfer to Statutory Reserve		**15,544,167**	12,948,583
	Transfer to Investment Reserve		**500,289**	534,571
	Transfer to Capital Reserve	18 (1.2.2)	**388,664**	1,414,579
	Transfer to Reserve Fund	18 (1.2.3)	**10,465**	26,084
	Proposed dividend (includes tax on dividend)	18 (1.2.6)	**11,011,244**	9,872,364
	Balance in Profit & Loss Account carried forward		**135,014,461**	100,292,624
	TOTAL		**162,469,290**	125,088,805
VI	**EARNINGS PER EQUITY SHARE**	18 (1.2.4)		
	(Face value ₹10/- per share) (Rupees)			
	Basic		**132.56**	119.67
	Diluted		**132.23**	118.85
	Significant Accounting Policies and Notes to Accounts	17 & 18		
	Schedules referred to above form an integral part of the Profit and Loss Account			

In terms of our report attached.

For Axis Bank Ltd.

For Deloitte Haskins & Sells
Chartered Accountants

Shikha Sharma
Managing Director & CEO

Z. F. Billimoria
Partner

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Samir K. Barua
Director

Somnath Sengupta
Executive Director &
Head (Corporate Centre)

V. Srinivasan
Executive Director &
Head (Corporate Banking)

Sanjeev Kapoor
Company Secretary

Sanjeev K. Gupta
President & CFO

Date : 25 April, 2014
Place: Mumbai

AXIS BANK LIMITED - CASH FLOW STATEMENT

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

	Year ended 31-03-2014 (₹ in Thousands)	Year ended 31-03-2013 (₹ in Thousands)
Cash flow from operating activities		
Net profit before taxes	**93,486,266**	75,526,929
Adjustments for:		
Depreciation on fixed assets	**3,639,307**	3,517,343
Depreciation on investments	**(1,002,934)**	(1,039,359)
Amortisation of premium on Held to Maturity investments	**741,629**	674,599
Provision for Non Performing Assets (including bad debts)	**12,959,797**	11,792,245
Provision on standard assets	**2,902,257**	1,966,686
Provision for wealth tax	**4,200**	3,800
(Profit)/Loss on sale of fixed assets (net)	**142,344**	44,662
Provision for country risk	**-**	(96,300)
Provision for restructured assets	**1,947,624**	1,039,492
Provision for other contingencies	**4,263,632**	3,837,828
	119,084,122	97,267,925
Adjustments for:		
(Increase)/Decrease in investments	**139,416,485**	(95,527,142)
(Increase)/Decrease in advances	**(344,886,856)**	(284,769,149)
Increase/(Decrease) in deposits	**283,309,768**	325,092,849
(Increase)/Decrease in other assets	**(15,824,833)**	(3,340,140)
Increase/(Decrease) in other liabilities & provisions	**20,351,130**	14,760,950
Direct taxes paid	**(34,424,254)**	(26,294,900)
Net cash flow from operating activities	**167,025,562**	27,190,393
Cash flow from investing activities		
Purchase of fixed assets	**(5,894,258)**	(4,718,705)
(Increase)/Decrease in Held to Maturity investments	**(131,889,049)**	(109,099,212)
(Increase)/Decrease in Investment in Subsidiaries	**(6,378,202)**	(718,875)
Proceeds from sale of fixed assets	**1,686,699**	193,531
Proceeds from transfer of net assets acquired under demerger to subsidiary	**-**	2,741,502
Net cash used in investing activities	**(142,474,810)**	(111,601,759)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

	Year ended 31-03-2014 (₹ in Thousands)	Year ended 31-03-2013 (₹ in Thousands)
Cash flow from financing activities		
Proceeds from issue of subordinated debt, perpetual debt & upper Tier II instruments (net of repayment)	**(1,341,919)**	19,654,731
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments)	**64,740,359**	79,139,533
Proceeds from issue of share capital	**18,901**	426,605
Proceeds from share premium (net of share issue expenses)	**1,356,819**	56,227,263
Payment of dividend	**(9,872,689)**	(7,702,164)
Net cash generated from financing activities	**54,901,471**	147,745,968
Effect of exchange fluctuation translation reserve	**(1,414,876)**	1,675,840
Net increase in cash and cash equivalents	**78,037,347**	65,010,442
Cash and cash equivalents at the beginning of the year	**204,349,599**	139,339,157
Cash and cash equivalents at the end of the year	**282,386,946**	204,349,599

Notes to the Cash Flow Statement:

Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	**170,413,196**	147,920,883
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	**111,973,750**	56,428,716
Cash and cash equivalents at the end of the year	**282,386,946**	204,349,599

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

Z. F. Billimoria
Partner

For Axis Bank Ltd.

Shikha Sharma
Managing Director & CEO

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Samir K. Barua
Director

Somnath Sengupta
Executive Director &
Head (Corporate Centre)

V. Srinivasan
Executive Director &
Head (Corporate Banking)

Sanjeev Kapoor
Company Secretary

Sanjeev K. Gupta
President & CFO

Date : 25 April, 2014
Place: Mumbai

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2014

	As at 31-03-2014 (₹ in Thousands)	As at 31-03-2013 (₹ in Thousands)
SCHEDULE 1 - CAPITAL		
Authorised Capital		
850,000,000 (Previous year - 850,000,000) Equity Shares of ₹10/- each	**8,500,000**	8,500,000
Issued, Subscribed and Paid-up capital		
469,844,553 (Previous year - 467,954,468) Equity Shares of ₹10/- each fully paid-up	**4,698,446**	4,679,545
The Board of Directors have on 25 April, 2014 considered and approved the sub-division of one equity share of the Bank having a face value of ₹10 each into five equity shares of face value of ₹2 each. The sub-division of shares is subject to approval of the shareholders and any other statutory and regulatory approvals, as applicable		
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserve		
Opening Balance	**51,374,446**	38,425,863
Additions during the year	**15,544,167**	12,948,583
	66,918,613	51,374,446
II. Share Premium Account		
Opening Balance	**157,614,872**	101,387,610
Additions during the year	**1,356,819**	56,626,088
Less: Share issue expenses	**-**	(398,826)
	158,971,691	157,614,872
III. Investment Reserve Account		
Opening Balance	**534,571**	-
Additions during the year	**500,289**	534,571
	1,034,860	534,571
IV. General Reserve		
Opening Balance	**3,543,100**	3,543,100
Additions during the year	**-**	-
	3,543,100	3,543,100
V. Capital Reserve		
Opening Balance	**9,460,164**	5,424,982
Additions during the year [Refer Schedule 18 (1.2.2)]	**388,664**	4,035,182
	9,848,828	9,460,164
VI. Foreign Currency Translation Reserve [Refer Schedule 17 (4.5)]		
Opening Balance	**3,553,193**	1,877,353
Additions/deductions during the year (net)	**(1,414,876)**	1,675,840
	2,138,317	3,553,193
VII. Reserve Fund		
Opening Balance	**26,084**	-
Additions during the year [Refer Schedule 18 (1.2.3)]	**10,465**	26,084
	36,549	26,084
VIII. Balance in Profit & Loss Account	**135,014,461**	100,292,624
TOTAL	**377,506,419**	326,399,054

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2014

			As at 31-03-2014 (₹ in Thousands)	As at 31-03-2013 (₹ in Thousands)
SCHEDULE 3 - DEPOSITS				
A.	I.	Demand Deposits		
		(i) From banks	**32,988,992**	29,255,626
		(ii) From others	**453,875,002**	453,965,348
	II.	Savings Bank Deposits	**777,759,443**	637,777,349
	III.	Term Deposits		
		(i) From banks	**118,566,234**	151,218,877
		(ii) From others	**1,426,255,978**	1,253,918,681
		TOTAL	**2,809,445,649**	2,526,135,881
B.	I.	Deposits of branches in India	**2,669,187,357**	2,386,893,082
	II.	Deposits of branches outside India	**140,258,292**	139,242,799
		TOTAL	**2,809,445,649**	2,526,135,881

SCHEDULE 4 - BORROWINGS

I.	Borrowings in India		
	(i) Reserve Bank of India	**2,790,000**	-
	(ii) Other banks #	**28,653,700**	22,367,200
	(iii) Other institutions & agencies **	**155,918,476**	144,085,033
II.	Borrowings outside India $	**315,547,249**	273,058,751
	TOTAL	**502,909,425**	439,510,984
	Secured borrowings included in I & II above	**-**	-

Borrowings from other banks include Subordinated Debt of ₹407.60 crores (previous year ₹557.60 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of Nil (previous year Nil) and Upper Tier II instruments of ₹59.10 crores (previous year ₹59.10 crores) [Also refer Notes 18 (1.1.2) & 18 (1.1.3)]

** Borrowings from other institutions & agencies include Subordinated Debt of ₹9,943.20 crores (previous year ₹10,071.70 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of ₹214.00 crores (previous year ₹214.00 crores) and Upper Tier II instruments of ₹248.40 crores (previous year ₹248.40 crores) [Also refer Notes 18 (1.1.2) & 18 (1.1.3)]

$ Borrowings outside India include Perpetual Debt of ₹275.61 crores (previous year ₹249.71 crores) and Upper Tier II instruments of ₹1,257.44 crores (previous year ₹1,139.03 crores) [Also refer Note 18 (1.1.3)]

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

I.	Bills payable	**35,781,997**	35,288,164
II.	Inter-office adjustments (net)	**-**	-
III.	Interest accrued	**11,428,311**	8,267,309
IV.	Proposed dividend (includes tax on dividend)	**10,990,706**	9,852,151
V.	Contingent provision against standard assets	**12,970,256**	9,766,369
VI.	Others (including provisions) @	**66,717,673**	45,707,127
	TOTAL	**137,888,943**	108,881,120

@ Includes provision for tax (net of advance tax and tax deducted at source) of ₹20.70 crores as at 31 March, 2014

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2014

	As at 31-03-2014 (₹ in Thousands)	As at 31-03-2013 (₹ in Thousands)
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in hand (including foreign currency notes)	**41,646,443**	40,538,842
II. Balances with Reserve Bank of India :		
(i) in Current Account	**128,766,753**	107,382,041
(ii) in Other Accounts	**-**	-
TOTAL	**170,413,196**	147,920,883
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
(i) Balance with Banks		
(a) in Current Accounts	**2,218,145**	3,353,513
(b) in Other Deposit Accounts	**10,252,205**	9,491,675
(ii) Money at Call and Short Notice		
(a) With banks	**-**	-
(b) With other institutions	**6,587,734**	-
TOTAL	**19,058,084**	12,845,188
II. Outside India		
(i) in Current Accounts	**13,926,856**	11,440,321
(ii) in Other Deposit Accounts	**27,706,630**	13,474,234
(iii) Money at Call & Short Notice	**51,282,180**	18,668,973
TOTAL	**92,915,666**	43,583,528
GRAND TOTAL (I+II)	**111,973,750**	56,428,716
SCHEDULE 8 - INVESTMENTS		
I. Investments in India in -		
(i) Government Securities ## **	**690,967,197**	722,498,592
(ii) Other approved securities	**-**	-
(iii) Shares	**6,118,086**	7,549,074
(iv) Debentures and Bonds	**236,365,878**	260,744,089
(v) Investment in Subsidiaries/Joint Ventures	**7,596,865**	4,214,375
(vi) Others (Mutual Fund units, CD/CP, Priority Sector deposits, PTC etc.) @	**183,325,790**	133,587,622
Total Investments in India	**1,124,373,816**	1,128,593,752
II. Investments outside India in -		
(i) Government Securities (including local authorities)	**5,037,042**	2,683,274
(ii) Subsidiaries and/or joint ventures abroad (amount less than ₹1,000 for previous year)	**2,995,713**	-
(iii) Others	**3,077,773**	6,098,344
Total Investments outside India	**11,110,528**	8,781,618
GRAND TOTAL (I+II)	**1,135,484,344**	1,137,375,370

Includes securities costing ₹5,224.77 crores (previous year ₹4,766.66 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

** Inclusive of Repo Lending of ₹2,600.00 crores (previous year ₹7,350.00 crores) and net of Repo borrowing of Nil (previous year Nil) under the Liquidity Adjustment Facility in line with the RBI requirements

@ Includes Priority Sector deposits of ₹11,006.97 crores (previous year ₹6,980.42 crores) and PTC's of ₹2,328.21 crores (previous year ₹1,471.03 crores) net of depreciation, if any

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2014

				As at 31-03-2014 (₹ in Thousands)	As at 31-03-2013 (₹ in Thousands)
SCHEDULE 9 - ADVANCES					
A.	(i)	Bills purchased and discounted *		**32,128,953**	56,079,021
	(ii)	Cash credits, overdrafts and loans repayable on demand @		**688,438,246**	546,437,284
	(iii)	Term loans #		**1,580,100,385**	1,367,143,269
		TOTAL		**2,300,667,584**	1,969,659,574
B.	(i)	Secured by tangible assets $		**1,888,972,790**	1,613,648,122
	(ii)	Covered by Bank/Government Guarantees &&		**30,464,715**	18,089,151
	(iii)	Unsecured		**381,230,079**	337,922,301
		TOTAL		**2,300,667,584**	1,969,659,574
C.	I.	Advances in India			
		(i)	Priority Sector	**627,610,775**	484,982,533
		(ii)	Public Sector	**37,642,652**	39,189,817
		(iii)	Banks	**2,088,299**	449,490
		(iv)	Others	**1,275,998,080**	1,143,709,623
		TOTAL		**1,943,339,806**	1,668,331,463
	II.	Advances Outside India			
		(i)	Due from banks	**6,211,853**	10,371,975
		(ii)	Due from others -		
			(a) Bills purchased and discounted	**2,455,311**	2,687,649
			(b) Syndicated loans	**104,660,986**	109,487,196
			(c) Others	**243,999,628**	178,781,291
		TOTAL		**357,327,778**	301,328,111
		GRAND TOTAL (CI+CII)		**2,300,667,584**	1,969,659,574

* Net of borrowings under Bills Rediscounting Scheme ₹2,800.00 crores (previous year ₹1,000.00 crores)

@ Net of borrowings under Inter Bank Participation Certificate/Funded Risk Participation ₹4,129.04 crores (previous year ₹205.89 crores)

Net of borrowings under Inter Bank Participation Certificate ₹11,908.59 crores (previous year ₹10,256.09 crores)

$ Includes advances against book debts

&& Includes advances against L/Cs issued by banks

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2014

		As at 31-03-2014 (₹ in Thousands)	As at 31-03-2013 (₹ in Thousands)
SCHEDULE 10 - FIXED ASSETS			
I.	Premises		
	Gross Block		
	At cost at the beginning of the year	**9,041,075**	9,001,944
	Additions during the year	**-**	39,131
	Deductions during the year	**-**	-
	TOTAL	**9,041,075**	9,041,075
	Depreciation		
	As at the beginning of the year	**409,511**	262,236
	Charge for the year	**147,276**	147,275
	Deductions during the year	**-**	-
	Depreciation to date	**556,787**	409,511
	Net Block	**8,484,288**	8,631,564
II.	Other fixed assets (including furniture & fixtures)		
	Gross Block		
	At cost at the beginning of the year	**30,404,839**	26,834,786
	Additions during the year	**6,148,638**	4,136,185
	Deductions during the year	**(4,045,707)**	(566,132)
	TOTAL	**32,507,770**	30,404,839
	Depreciation		
	As at the beginning of the year	**16,731,046**	13,688,918
	Charge for the year	**3,492,031**	3,370,068
	Deductions during the year	**(2,336,441)**	(327,940)
	Depreciation to date	**17,886,636**	16,731,046
	Net Block	**14,621,134**	13,673,793
III.	CAPITAL WORK-IN-PROGRESS (including capital advances)	**996,684**	1,251,063
	GRAND TOTAL (I+II+III)	**24,102,106**	23,556,420

SCHEDULE 11 - OTHER ASSETS			
I.	Inter-office adjustments (net)	**-**	-
II.	Interest Accrued	**33,854,722**	27,143,759
III.	Tax paid in advance/tax deducted at source (net of provisions)	**-**	270,351
IV.	Stationery and stamps	**12,598**	11,221
V.	Non banking assets acquired in satisfaction of claims	**438,108**	209,600
VI.	Others #	**55,502,474**	43,030,690
	TOTAL	**89,807,902**	70,665,621

Includes deferred tax assets of ₹1,733.55 crores (previous year ₹1,374.77 crores) [Refer Schedule 18 (1.2.11)]

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 MARCH, 2014

		As at 31-03-2014 (₹ in Thousands)	As at 31-03-2013 (₹ in Thousands)
SCHEDULE 12 - CONTINGENT LIABILITIES			
I.	Claims against the Bank not acknowledged as debts	**2,370,182**	1,667,558
II.	Liability for partly paid investments	**-**	-
III.	Liability on account of outstanding forward exchange and derivative contracts :		
	(a) Forward Contracts	**2,312,741,992**	2,320,162,574
	(b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	**2,299,486,452**	2,210,541,350
	(c) Foreign Currency Options	**202,687,973**	80,228,625
	TOTAL (a+b+c)	**4,814,916,417**	4,610,932,549
IV.	Guarantees given on behalf of constituents		
	In India	**529,708,072**	517,036,841
	Outside India	**133,640,480**	111,222,144
V.	Acceptances, endorsements and other obligations	**238,821,561**	228,015,939
VI.	Other items for which the Bank is contingently liable	**28,991,188**	12,283,920
	GRAND TOTAL (I+II+III+IV+V+VI)[Refer Schedule 18 (1.2.16)]	**5,748,447,900**	5,481,158,951

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2014

		Year ended 31-03-2014 (₹ in Thousands)	Year ended 31-03-2013 (₹ in Thousands)
SCHEDULE 13 - INTEREST EARNED			
I.	Interest/discount on advances/bills	**219,504,303**	191,662,356
II.	Income on investments	**83,431,301**	77,469,805
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	**1,667,839**	1,112,621
IV.	Others	**1,808,111**	1,580,962
	TOTAL	**306,411,554**	271,825,744
SCHEDULE 14 - OTHER INCOME			
I.	Commission, exchange and brokerage	**53,937,636**	50,251,479
II.	Profit/(Loss) on sale of investments (net) [Refer Schedule 18 (1.2.1)]	**3,275,775**	5,863,030
III.	Profit/(Loss) on sale of fixed assets (net)	**(142,344)**	(44,662)
IV.	Profit on exchange/derivative transactions (net)	**15,176,525**	6,640,744
V.	Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	**18,750**	15,000
VI.	Miscellaneous income	**1,785,905**	2,785,472
	[including recoveries on account of advances/investments written off in earlier years ₹183.91 crores (previous year ₹268.51 crores) and net loss on account of portfolio sell downs/securitisation ₹20.57 crores (previous year net loss of ₹5.88 crores)]		
	TOTAL	**74,052,247**	65,511,063
SCHEDULE 15 - INTEREST EXPENDED			
I.	Interest on deposits	**154,588,983**	150,155,486
II.	Interest on Reserve Bank of India/Inter-bank borrowings	**9,006,843**	4,596,175
III.	Others	**23,299,394**	20,411,450
	TOTAL	**186,895,220**	175,163,111
SCHEDULE 16 - OPERATING EXPENSES			
I.	Payments to and provisions for employees	**26,013,494**	23,769,825
II.	Rent, taxes and lighting	**8,047,786**	7,506,045
III.	Printing and stationery	**1,136,346**	1,003,940
IV.	Advertisement and publicity	**959,548**	1,196,483
V.	Depreciation on bank's property	**3,639,307**	3,517,343
VI.	Directors' fees, allowance and expenses	**10,377**	15,355
VII.	Auditors' fees and expenses	**13,180**	11,088
VIII.	Law charges	**105,915**	179,019
IX.	Postage, telegrams, telephones etc.	**2,805,292**	2,791,263
X.	Repairs and maintenance	**6,257,486**	5,858,902
XI.	Insurance	**3,166,611**	2,622,194
XII.	Other expenditure	**26,852,397**	20,670,918
	TOTAL	**79,007,739**	69,142,375

17 Significant accounting policies for the year ended 31 March, 2014

1 Background

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

2 Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting 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 211(3C) of the Companies Act, 1956 (" the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable and current practices prevailing within the banking industry in India.

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, revenues and expenses 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

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.

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:

- 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 23rd 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 in accordance with the RBI guidelines. Losses 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 as the corporate actions are effected in equity on the trade date.

Repurchase and reverse repurchase transactions

Repurchase and reverse repurchase transactions in government securities and corporate debt securities [excluding those conducted under the Liquid 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.

4.2 Advances

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. 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.

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 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.

4.3 *Country risk*

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country 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 *Securtisation*

The Bank enters into purchase/sale of corporate and retail loans through direct assignment/Special Purpose Vehicle ('SPV'). In most cases, post securtisation, 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 211(3C) of the Companies Act, 1956.

In accordance with RBI guidelines of 7 May, 2012 on 'Guidelines on Securitisation of Standard Assets', gain on securtisation transaction is recognised over the period of the underlying securities issued by the SPV as prescribed under RBI guidelines. Loss on securtisation is immediately debited to the Profit and Loss Account.

4.5 *Foreign currency transactions*

In respect of domestic operations, transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. 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 (excluding currency swaps undertaken to hedge foreign currency assets/ liabilities and funding swaps which are not revalued) and spot exchange contracts are revalued at year end exchange rates notified by FEDAI for specified maturities and at interpolated rates for contract of interim maturities. The resulting gains or losses on revaluation are included in the Profit and Loss Account in accordance with RBI/FEDAI guidelines. The forward exchange contracts of longer maturities where exchange rates are not notified by FEDAI are revalued at the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognised in the Profit and Loss Account.

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.

4.6 *Derivative transactions*

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*

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 211(3C) of the Companies Act, 1956 and the RBI guidelines.

Fees and commission income is recognised when due, except for guarantee commission which is recognised pro-rata 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.

Gain or loss arising on sale of NPAs is accounted as per the guidelines prescribed by the RBI.

4.8 *Fixed assets and depreciation/impairment*

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

Asset	Estimated useful life
Owned premises	61 years
Assets given on operating lease	20 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	16 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

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

Depreciation on assets sold during the year is recognised on a pro-rata basis to the Profit and Loss Account till the date of sale.

The carrying 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.

4.9 *Lease transactions*

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.

4.10 *Retirement and other employee benefits*

Provident Fund

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 to determine the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate.

Gratuity

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.

Compensated Absences

Short term compensated absences are provided for based on estimates of encashment/availment of leave. The Bank 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.

Superannuation

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

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

4.11 Reward points

The Bank runs a loyalty program which seeks to recognize 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.

4.12 Taxation

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are 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.

4.13 Share issue expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 78 of the Companies Act, 1956.

4.14 Earnings per share

The Bank reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified under Section 211(3C) of the Companies Act, 1956. 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.

4.15 *Employee stock option scheme*

The 2001 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Bank to employees and Directors of the Bank 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'). 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.

4.16 *Provisions, contingent liabilities and contingent assets*

A provision is recognised when the Bank has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

18 Notes forming part of the financial statements for the year ended 31 March, 2014

(Currency: In Indian Rupees)

1 Statutory disclosures as per RBI

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

(₹ in crores)

For the year ended	31 March, 2014	31 March, 2013
Provision for income tax		
- Current tax for the year	**3,489.74**	2,720.58
- Deferred tax for the year (Refer 1.2.11)	**(358.78)**	(347.32)
	3,130.96	2,373.26
Provision for wealth tax	**0.42**	0.38
Provision for non-performing assets (including bad debts written off and write backs)	**1,295.98**	1,179.22
Provision for restructured assets	**194.76**	103.95
Provision towards standard assets	**290.23**	196.68
Provision for depreciation in value of investments	**(100.29)**	(103.94)
Provision for country risk	**-**	(9.63)
Provision for other contingencies	**426.36**	383.78
Total	**5,238.42**	4,123.70

1.1.2 The capital adequacy ratio of the Bank, calculated as per the RBI guidelines (under Basel III) is set out below:

(₹ in crores)

	31 March, 2014
Capital adequacy	
Common Equity Tier I	**35,805.48**
Tier I	**35,805.48**
Tier II	**9,790.55**
Total capital	**45,596.03**
Total risk weighted assets and contingents	**283,807.26**
Capital ratios	
Common Equity Tier I	**12.62%**
Tier I	**12.62%**
Tier II	**3.45%**
CRAR	**16.07%**
Amount of equity capital raised	**-**
Amount of additional Tier I capital raised of which:	
Perpetual Non-Cumulative Preference Shares (PNCPS)	**-**
Perpetual Debt Instruments (PDI)	**-**
Amount of Tier II capital raised of which:	
Debt capital instrument	**-**
Preferential capital instrument	**-**

The capital adequacy ratio of the Bank, calculated as per the RBI guidelines under Basel II is set out below:

(₹ in crores)

	31 March, 2014	31 March, 2013
Capital adequacy		
Tier I	**36,074.20**	31,596.80
Tier II	**11,939.42**	12,334.32
Total capital	**48,013.62**	43,931.12
Total risk weighted assets and contingents	**282,873.02**	258,355.49
Capital ratios		
Tier I	**12.75%**	12.23%
Tier II	**4.22%**	4.77%
CRAR	**16.97%**	17.00%
Amount raised by issue of Innovative Perpetual Debt Instruments (IPDI)	**-**	-
Amount raised by issue of Upper Tier II instruments	**-**	-
Amount of Subordinated Debt raised as Tier II capital (details given below)	**-**	₹2,500 crores

The Bank has not raised subordinated debt during the year ended 31 March, 2014.

During the year ended 31 March, 2013, the Bank raised subordinated debt of ₹2,500 crores, the details of which are set out below:

Date of allotment	**Period**	**Coupon**	**Amount**
31 December, 2012	120 months	9.15%	2,500.00 crores

During the year ended 31 March, 2014, the Bank redeemed subordinated debt of ₹278.50 crores, the details of which are set out below:

Date of maturity	**Period**	**Coupon**	**Amount**
26 April, 2013	117 months	7.00%	₹65.00 crores
22 June, 2013	87 months	8.50%	₹125.00 crores
22 June, 2013	87 months	8.32%	₹5.00 crores
28 September, 2013	87 months	8.95%	₹33.50 crores
15 October, 2013	117 months	6.50%	₹50.00 crores

During the year ended 31 March, 2013, the Bank redeemed subordinated debt of ₹622 crores, the details of which are set out below:

Date of maturity	**Period**	**Coupon**	**Amount**
20 June, 2012	117 months	9.30%	₹62.00 crores
25 July, 2012	84 months	8.67%	₹500.00 crores
21 September, 2012	117 months	8.95%	₹60.00 crores

1.1.3 The Bank has not raised any hybrid capital during the years ended 31 March, 2014 and 31 March, 2013.

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

As at	31 March, 2014	31 March, 2013
	%	%
Interest income as a percentage to working funds#	**8.78**	8.90
Non-interest income as a percentage to working funds#	**2.12**	2.15
Operating profit as a percentage to working funds#	**3.28**	3.05
Return on assets (based on working funds)#	**1.78**	1.70
Business (deposits less inter-bank deposits plus advances) per employee**	**₹12.30 crores**	₹12.15 crores
Profit per employee**	**₹0.15 crore**	₹0.15 crore
Net non-performing assets as a percentage of net customer assets *	**0.40**	0.32

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

* Net Customer assets include advances and credit substitutes

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

1.1.5 The provisioning coverage ratio of the Bank computed in terms of the RBI guidelines as on 31 March, 2014 was 78.10% (previous year 79.15%).

1.1.6 Asset Quality

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

	31 March, 2014	31 March, 2013
	%	%
Net non-performing assets as a percentage of net advances	**0.44**	0.36

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

(₹ in crores)

	31 March, 2014			
	Advances	**Investments**	**Others***	**Total**
Gross NPAs as at the beginning of the year	2,371.41	10.29	11.72	2,393.42
Intra Category Transfer	5.11	1.76	(6.87)	-
Additions (fresh NPAs) during the year	2,387.44	159.67	0.52	2,547.63
Sub-total (A)	**4,763.96**	**171.72**	**5.37**	**4,941.05**
Less:-				
(i) Upgradations	331.32	-	-	331.32
(ii) Recoveries (excluding recoveries made from upgraded accounts)	534.94	8.23	-	543.17
(iii) Technical/Prudential Write-offs	761.55	-	5.29	766.84
(iv) Write-offs other than those under (iii) above	134.73	18.58	-	153.31
Sub-total (B)	**1,762.54**	**26.81**	**5.29**	**1,794.64**
Gross NPAs as at the end of the year (A-B)	**3,001.42**	**144.91**	**0.08**	**3,146.41**

(₹ *in crores)*

	31 March, 2013			
	Advances	**Investments**	**Others***	**Total**
Gross NPAs as at the beginning of the year	1,720.23	79.46	6.61	1,806.30
Intra Category Transfer	18.75	(18.75)	-	-
Additions (fresh NPAs) during the year	2,015.13	3.12	5.11	2,023.36
Sub-total (A)	**3,754.11**	**63.83**	**11.72**	**3,829.66**
Less:-				
(i) Upgradations	329.15	-	-	329.15
(ii) Recoveries (excluding recoveries made from upgraded accounts)	253.90	1.21	-	255.11
(iii) Technical/Prudential Write-offs	725.96	-	-	725.96
(iv) Write-offs other than those under (iii) above	73.69	52.33	-	126.02
Sub-total (B)	**1,382.70**	**53.54**	**-**	**1,436.24**
Gross NPAs as at the end of the year (A-B)	**2,371.41**	**10.29**	**11.72**	**2,393.42**

*represents amount outstanding under application money classified as non-performing asset

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

(₹ *in crores)*

	31 March, 2014			
	Advances	**Investments**	**Others**	**Total**
Opening balance at the beginning of the year	704.13	-	-	704.13
Additions during the year	1,180.30	25.88	0.08	1,206.26
Effect of exchange rate fluctuation	(1.61)	(0.07)	-	(1.68)
Reductions during the year	(873.75)	(8.11)	-	(881.86)
Interest Capitalisation - Restructured NPA Accounts	6.06	(8.21)	(0.08)	(2.23)
Closing balance at the end of the year#	**1,015.13**	**9.49**	**-**	**1,024.62**

#net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹35.50 crores

(₹ *in crores)*

	31 March, 2013			
	Advances	**Investments**	**Others**	**Total**
Opening balance at the beginning of the year	455.58	15.94	1.12	472.64
Additions during the year*	834.07	(15.68)	(1.12)	817.27
Effect of exchange rate fluctuation	-	-	-	-
Reductions during the year	(565.06)	2.81	-	(562.25)
Interest Capitalisation - Restructured NPA Accounts	(20.46)	(3.07)	-	(23.53)
Closing balance at the end of the year#	**704.13**	**-**	**-**	**704.13**

*includes transfer from non-performing investments to non-performing loans amounting to ₹18.75 crores
net of balance outstanding in interest capitalisation-restructured NPA accounts amounting to ₹33.27 crores

iv) Movement in provisions for non-performing assets is set out below:

(₹ in crores)

	31 March, 2014			
	Advances	**Investments**	**Others**	**Total**
Opening balance at the beginning of the year	1,637.08	7.22	11.72	1,656.02
Intra-Category Transfer	5.11	1.32	(6.43)	-
Provisions made during the year	1,153.40	134.23	-	1,287.63
Effect of exchange rate fluctuation	1.61	0.07	-	1.68
Transfer from restructuring provision	53.74	-	-	53.74
Write-offs/(write back) of excess provision	(888.79)*	(18.70)	(5.29)	(912.78)
Closing balance at the end of the year	**1,962.15**	**124.14**	**-**	**2,086.29**

* includes provision utilised for sale of NPAs amounting to ₹1.50 crores

(₹ in crores)

	31 March, 2013			
	Advances	**Investments**	**Others**	**Total**
Opening balance at the beginning of the year	1,254.91	63.52	5.49	1,323.92
Provisions made during the year	1,185.92	0.05	6.23	1,192.20
Effect of exchange rate fluctuation	-	-	-	-
Transfer from restructuring provision	13.89	-	-	13.89
Write-offs/(write back) of excess provisions	(817.64)	(56.35)	-	(873.99)
Closing balance at the end of the year	**1,637.08**	**7.22**	**11.72**	**1,656.02**

v) Movement in technical/prudential written off accounts is set out below:

(₹ in crores)

	31 March, 2014	31 March, 2013
Opening balance at the beginning of the year	**1,143.00**	720.25
Add: Technical/Prudential write-offs during the year	**766.84**	725.96
Sub-total (A)	**1,909.84**	1,446.21
Less: Recovery made from previously technical/prudential written-off accounts during the year	**(155.85)**	(193.97)
Less: Sacrifice made from previously technical/prudential written-off accounts during the year	**(59.86)**	(109.24)
Sub-total (B)	**(215.71)**	(303.21)
Closing balance at the end of the year (A-B)	**1,694.13**	1,143.00

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

(₹ in crores)

	31 March, 2014	31 March, 2013
Total exposure to top four NPA accounts	**650.77**	938.23

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

Sr. No.	**Sector**	**31 March, 2014 %**	31 March, 2013 %
1.	Agriculture and allied activities	**2.29**	2.36
2.	Industry (Micro & Small, Medium and Large)	**1.17**	0.59
3.	Services*	**2.27**	2.53
4.	Personal loans	**0.61**	0.64

* includes 0.14% (previous year 0.01%) NPAs in respect of commercial real estate and 0.33% (previous year 0.08%) in respect of trade segment

1.1.7 During the year ended 31 March, 2014; none of the exposures to Indian corporates at overseas branches of the Bank have been classified as NPA by any host banking regulator for reasons other than record of recovery.

1.1.8 Movement in floating provision is set out below:

(₹ in crores)

For the year ended	**31 March, 2014**	31 March, 2013
Opening balance at the beginning of the year	**3.25**	3.25
Provisions made during the year	**-**	-
Draw down made during the year	**-**	-
Closing balance at the end of the year	**3.25**	3.25

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

1.1.9 Provision on Standard Assets

(₹ in crores)

	31 March, 2014	31 March, 2013
Provision towards Standard Assets [includes ₹38.14 crores (previous year ₹18.47 crores) of standard provision on derivative exposures]	**1,297.03**	976.64

1.1.10 Details of Investments are set out below:

(i) Value of Investments:

(₹ in crores)

	31 March, 2014	31 March, 2013
1) Gross value of Investments		
a) In India	**112,743.29**	113,127.94
b) Outside India	**1,052.60**	840.43
2) (i) Provision for Depreciation		
a) In India	**(184.94)**	(261.34)
b) Outside India	**61.62**	37.73
(ii) Provision for Non-Performing Investments		
a) In India	**(120.97)**	(7.22)
b) Outside India	**(3.17)**	-
3) Net value of Investments		
a) In India	**112,437.38**	112,859.38
b) Outside India	**1,111.05**	878.16

(ii) Movement of provisions held towards depreciation on investments:

(₹ in crores)

	31 March, 2014	31 March, 2013
Opening balance	**223.61**	327.55
Add: Provisions made during the year	**53.44**	-
Less: Write-offs/write back of excess provisions during the year	**153.73**	103.94
Closing balance	**123.32**	223.61

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

(₹ in crores)

As at	**31 March, 2014**	31 March, 2013
A. Exposure to Real Estate Sector		
1) Direct Exposure		
(i) Residential mortgages	**52,684.58**	41,550.75
- of which housing loans eligible for inclusion in priority sector advances	**16,914.94**	13,312.69

(₹ in crores)

As at	31 March, 2014	31 March, 2013
(ii) Commercial real estate	**18,101.75**	11,356.68
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	**-**	-
b. Commercial real estate	**-**	-
2) *Indirect Exposure*		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**10,768.87**	9,113.26
Total Exposure to Real Estate Sector	**81,555.20**	62,020.69
B. Exposure to Capital Market		
1. Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	**789.15**	1,205.59
2. Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	**1.53**	1.73
3. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	**1,010.47**	1,249.18
4. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	**3,207.00**	1,171.95
5. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	**2,845.30**	2,603.33
6. Loans sanctioned to corporates against the security of shares/bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	**13.94**	22.90
7. Bridge loans to companies against expected equity flows/issues	**0.31**	3.38
8. Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds	**-**	-
9. Financing to stock brokers for margin trading	**-**	-
10. All exposures to Venture Capital Funds (both registered and unregistered)	**105.31**	106.78
Total exposure to Capital Market (Total of 1 to 10)	**7,973.01**	6,364.84

1.1.12 During the year ended 31 March, 2014 & 31 March, 2013 there are no unsecured advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken as collateral by the Bank.

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

i) Issuer composition as at 31 March, 2014 of non-SLR investments*:

(₹ in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**
i.	Public Sector Units	5,552.52	4,418.59	-	-	48.41
ii.	Financial Institutions	13,557.22	12,453.61	-	-	11,006.97
iii.	Banks	4,785.11	80.00	-	-	4,569.50
iv.	Private Corporates	18,901.86	16,323.46	1,525.62	430.76	2,335.50
v.	Subsidiaries/Joint Ventures	1,059.26	1,059.26	-	-	1,059.26
vi.	Others	799.01	302.89	-	-	736.68
vii.	Provision held towards depreciation on investments	(79.13)				
viii	Provision held towards non performing investments	(124.14)				
	Total	**44,451.71**	**34,637.81**	**1,525.62**	**430.76**	**19,756.32**

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

Issuer composition as at 31 March, 2013 of non-SLR investments*:

(₹ in crores)

No.	Issuer	Total Amount	Extent of private placement	Extent of "below investment grade" securities	Extent of "unrated" securities	Extent of "unlisted" securities
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**
i.	Public Sector Units	6,045.10	5,275.03	-	-	44.78
ii.	Financial Institutions	10,621.91	9,145.77	-	-	6,980.42
iii.	Banks	4,984.86	1,126.60	-	-	4,343.95
iv.	Private Corporates	17,859.44	15,143.54	1,274.01	142.67	3,152.90
v.	Subsidiaries/Joint Ventures	421.44	421.44	-	-	421.44
vi.	Others	1,785.74	1,508.48	-	-	1,599.99
vii.	Provision held towards depreciation on investments	(223.59)				
viii	Provision held towards non performing investments	(7.22)				
	Total	**41,487.68**	**32,620.86**	**1,274.01**	**142.67**	**16,543.48**

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

*excludes investments in non-SLR government securities amounting to ₹172.09 crores (previous year ₹127.91 crores)

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

(₹ in crores)

	31 March, 2014	31 March, 2013
Opening balance	**10.29**	79.46
Transfer from Other Assets	**1.76**	-
Additions during the year	**159.67**	3.12
Reductions during the year	**(26.81)**	(72.29)*
Closing balance	**144.91**	10.29
Total provisions held	**124.14**	7.22

*includes transfer from non-performing investments to non-performing loans amounting to ₹18.75 crores

1.1.14 Details of securities sold/purchased (in face value terms) during the years ended 31 March, 2014 and 31 March, 2013 under repos/reverse repos (excluding LAF transactions):

Year ended 31 March, 2014 *(₹ in crores)*

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March, 2014
Securities sold under repos				
i. Government Securities	-	5,123.17	196.25	-
ii. Corporate debt Securities	-	202.21	47.56	-
Securities purchased under reverse repos				
i. Government Securities	-	5,178.69	330.24	688.46
ii. Corporate debt Securities	-	-	-	-

Year ended 31 March, 2013 *(₹ in crores)*

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As at 31 March, 2013
Securities sold under repos				
i. Government Securities	-	119.35	0.62	-
ii. Corporate debt Securities	-	-	-	-
Securities purchased under reverse repos				
i. Government Securities	-	6,036.59	416.78	-
ii. Corporate debt Securities	-	-	-	-

1.1.15 Details of financial assets sold to Securtisation/Reconstruction companies for Asset Reconstruction:

(₹ in crores)

	31 March, 2014	31 March, 2013
Number of accounts*	**3**	-
Aggregate value (net of provisions) of accounts sold	**269.78**	-
Aggregate consideration	**265.03**	-
Additional consideration realised in respect of accounts transferred in earlier years	**-**	-
Aggregate gain/(loss) over net book value	**(4.75)**	-

* Excludes 12 accounts already written-off from books amounting to ₹32.13 crores (previous year 30 accounts amounting to ₹93.15 crores)

1.1.16 During the years ended 31 March, 2014 and 31 March, 2013 there were no Non-Performing Financial Assets purchased/sold by the Bank from/to other banks/FIs/NBFCs (excluding securitisation/reconstruction companies).

1.1.17 Details of securtisation transactions undertaken by the Bank are as follows:

(₹ in crores)

Sr. No.	Particulars	**31 March, 2014**	31 March, 2013
1	No. of SPVs sponsored by the bank for securitisation transactions	**-**	-
2	Total amount of securitised assets as per books of the SPVs sponsored by the Bank	**-**	-
3	Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss	**-**	-
	Others	**-**	-
	b) On-balance sheet exposures		
	First loss	**-**	-
	Others	**-**	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	**-**	-
	Loss	**-**	-
	ii) Exposure to third party securitisations		
	First loss	**-**	-
	Others	**-**	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	**-**	-
	Loss	**-**	-
	ii) Exposure to third party securitisations		
	First loss	**-**	-
	Others	**-**	-

1.1.18 The information on concentration of deposits is given below:

(₹ in crores)

	31 March, 2014	31 March, 2013
Total deposits of twenty largest depositors	**38,298.32**	35,083.32
Percentage of deposits of twenty largest depositors to total deposits	**13.63**	13.89

1.1.19 The information on concentration of advances* is given below:

(₹ in crores)

	31 March, 2014	31 March, 2013
Total advances to twenty largest borrowers	**44,144.64**	39,764.46
Percentage of advances to twenty largest borrowers to total advances of the Bank	**11.00**	10.59

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

1.1.20 The information on concentration of exposure* is given below:

(₹ in crores)

	31 March, 2014	31 March, 2013
Total exposure to twenty largest borrowers/customers	**55,126.86**	48,982.01
Percentage of exposures to twenty largest borrowers/customers to total exposure on borrowers/customers	**12.49**	11.82

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

1.1.21 During the year ended 31 March, 2014 and 31 March, 2013, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

1.1.22 Details of Risk Category wise Country Exposure:

(₹ in crores)

Risk Category	Exposure (Net) as at 31 March, 2014	Provision Held as at 31 March, 2014	Exposure (Net) as at 31 March, 2013	Provision Held as at 31 March, 2013
Insignificant	-	-	553.49	-
Low	**10,981.18**	-	11,220.91	-
Moderate	**3,401.42**	-	2,290.54	-
High	**1,763.33**	-	2,369.79	-
Very High	**1,122.48**	-	761.53	-
Restricted	-	-	0.17	-
Off-Credit	-	-	-	-
Total	**17,268.41**	-	17,196.43	-

1.1.23 A maturity pattern of certain items of assets and liabilities at 31 March, 2014 and 31 March, 2013 is set out below:

Year ended 31 March, 2014 *(₹ in crores)*

	1 day	2 days to 7 days	8 days to 14 days	15 days to 28 days	29 days and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	3,135.21	8,425.45	5,552.27	6,897.19	24,101.11	32,802.80	49,916.39	26,416.62	18,844.33	104,853.19	**280,944.56**
Advances*	2,645.96	2,188.01	757.19	2,001.85	9,114.02	8,276.42	14,787.17	52,732.45	28,931.58	108,632.11	**230,066.76**
Investments	7,700.68	4,875.59	2,746.36	2,664.58	7,482.62	10,064.69	12,817.34	17,872.01	8,914.47	38,410.09	**113,548.43**
Borrowings	4.17	-	3.00	627.84	5,906.63	4,599.39	6,283.64	16,017.90	8,101.69	8,746.68	**50,290.94**
Foreign Currency Assets	3,061.25	5,653.40	204.05	576.70	3,774.27	3,169.66	4,116.25	17,741.80	6,074.12	19,627.33	**63,998.83**
Foreign Currency Liabilities	144.51	1,657.77	303.00	748.47	6,992.40	6,894.70	9,958.86	28,012.90	7,084.74	1,263.15	**63,060.50**

Year ended 31 March, 2013 *(₹ in crores)*

	1 day	2 days to 7 days	8 days to 14 days	15 days to 28 days	29 days and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	2,738.92	10,164.38	5,246.82	6,590.52	26,258.30	28,536.37	35,326.44	33,216.55	22,444.23	82,091.06	**252,613.59**
Advances*	2,317.44	1,959.35	1,777.23	2,438.04	10,197.27	11,220.30	12,348.87	45,312.01	26,146.22	83,249.23	**196,965.96**
Investments	6,816.23	9,369.90	2,850.59	2,496.50	8,249.24	9,327.98	11,780.01	20,263.99	9,049.77	33,533.33	**113,737.54**
Borrowings	65.02	568.94	386.33	786.68	3,918.49	4,049.95	6,605.00	7,605.93	9,370.80	10,593.96	**43,951.10**
Foreign Currency Assets	1,927.10	2,779.48	403.75	4,388.79	7,679.14	4,063.19	3,013.13	6,743.88	7,194.70	9,655.30	**47,848.46**
Foreign Currency Liabilities	141.57	2,206.50	317.82	1,426.23	4,823.23	5,423.32	12,361.81	7,496.34	9,070.70	4,340.63	**47,608.15**

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors. Maturity profile of foreign currency assets and liabilities is excluding off balance sheet items.

* For the purpose of disclosing the maturity pattern, loans and advances that have been subject to risk participation vide Inter-Bank Participation Certificates ('IBPCs') and Funded Risk Participation ('FRPs') have been classified in the maturity bucket corresponding to the contractual maturities of such underlying loans and advances gross of any risk participation. The IBPC and FRP amounts have been classified in the respective maturities of the corresponding underlying loans.

1.1.24 Details of loans subjected to restructuring during the year ended 31 March, 2014 are given below:

(₹ in crores)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	30	3	2	4	39	7	1	1	5	14
	Amount Outstanding – Restructured facility	2,237.42	85.82	71.22	90.41	2,484.87	144.05	3.03	0.03	24.46	171.57
	Amount Outstanding – Other facility	47.35	22.24	-	2.34	71.93	3.86	-	-	3.83	7.69
	Provision thereon	186.73	10.65	3.12	-	200.50	8.71	-	-	-	8.71
Movement in balance for accounts appearing under opening balance[1]	No. of borrowers	(4)	(1)	-	1	(4)	(1)	(1)	-	1	(1)
	Amount Outstanding – Restructured facility	(233.48)	(7.19)	(4.99)	18.81	(226.85)	(13.05)	(3.03)	(0.02)	0.13	(15.97)
	Amount Outstanding – Other facility	70.81	(20.38)	-	1.59	52.02	0.05	-	-	-	0.05
	Provision thereon	(75.39)	(10.65)	(1.03)	-	(87.07)	(1.95)	-	-	-	(1.95)
Fresh Restructuring during the year[2,3]	No. of borrowers	24	-	-	-	24	1	-	-	-	1
	Amount Outstanding – Restructured facility	2,939.51	-	-	-	2,939.51	19.00	-	-	-	19.00
	Amount Outstanding – Other facility	359.13	-	-	-	359.13	-	-	-	-	-
	Provision thereon	224.38	-	-	-	224.38	1.83	-	-	-	1.83
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	-				-	-				-
	Amount Outstanding – Restructured facility	-				-	-				-
	Amount Outstanding – Other facility	-				-	-				-
	Provision thereon	-				-	-				-
Downgradation of restructured accounts during the FY[4]	No. of borrowers	(5)	2	1	2	-	(1)	-	1	-	-
	Amount Outstanding – Restructured facility	(223.63)	100.78	78.87	43.98	-	(12.41)	-	12.41	-	-
	Amount Outstanding – Other facility	(6.72)	0.78	-	5.94	-	(1.50)	-	1.50	-	-
	Provision thereon	(16.25)	0.50	15.75	-	-	(0.62)	-	0.62	-	-
Write-offs of restructured accounts during the FY[5,6]	No. of borrowers	-	(3)	-	(2)	(5)	-	-	(1)	(3)	(4)
	Amount Outstanding – Restructured facility	-	(170.83)	-	(27.07)	(197.90)	-	-	(0.01)	(21.13)	(21.14)
	Amount Outstanding – Other facility	-	(2.64)	-	(2.34)	(4.98)	-	-	-	(3.70)	(3.70)
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	45	1	3	5	54	6	-	1	3	10
	Amount Outstanding – Restructured facility	4,719.82	8.58	145.10	126.13	4,999.63	137.59	-	12.41	3.46	153.46
	Amount Outstanding – Other facility	470.57	-	-	7.53	478.10	2.41	-	1.50	0.13	4.04
	Provision thereon	319.47	0.50	17.84	-	337.81	7.97	-	0.62	-	8.59

(₹ *in crores*)

Type of Restructuring		Others					Total				
Asset Classification		**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	1,311	92	17	18	1,438	1,348	96	20	27	1,491
	Amount Outstanding – Restructured facility	1,616.44	11.19	26.01	18.71	1,672.35	3,997.91	100.04	97.26	133.58	4,328.79
	Amount Outstanding – Other facility	77.13	2.93	0.51	0.09	80.66	128.34	25.17	0.51	6.26	160.28
	Provision thereon	52.93	0.09	0.10	-	53.12	248.37	10.74	3.22	-	262.33
Movement in balance for accounts appearing under opening balance[1]	No. of borrowers	(116)	(90)	66	12	(128)	(121)	(92)	66	14	(133)
	Amount Outstanding – Restructured facility	(344.16)	(11.17)	(14.81)	22.17	(347.97)	(590.69)	(21.39)	(19.82)	41.11	(590.79)
	Amount Outstanding – Other facility	31.82	(2.92)	1.26	0.61	30.77	102.68	(23.30)	1.26	2.20	82.84
	Provision thereon	(20.94)	(0.09)	(0.10)	-	(21.13)	(98.28)	(10.74)	(1.13)	-	(110.15)
Fresh Restructuring during the year[2, 3]	No. of borrowers	473	-	-	-	473	498	-	-	-	498
	Amount Outstanding – Restructured facility	915.80	-	-	-	915.80	3,874.31	-	-	-	3,874.31
	Amount Outstanding – Other facility	299.29	-	-	-	299.29	658.42	-	-	-	658.42
	Provision thereon	70.97	-	-	-	70.97	297.18	-	-	-	297.18
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(16)				(16)	(16)				(16)
	Amount Outstanding – Restructured facility	(2.29)				(2.29)	(2.29)				(2.29)
	Amount Outstanding – Other facility	(0.37)				(0.37)	(0.37)				(0.37)
	Provision thereon	-				-	-				-
Downgradation of restructured accounts during the FY[4]	No. of borrowers	(55)	63	1	4	13	(61)	65	3	6	13
	Amount Outstanding – Restructured facility	(22.73)	5.75	0.58	17.38	0.98	(258.77)	106.53	91.86	61.36	0.98
	Amount Outstanding – Other facility	(6.46)	1.30	0.03	5.19	0.06	(14.68)	2.08	1.53	11.13	0.06
	Provision thereon	(0.07)	0.07	-	-	-	(16.94)	0.57	16.37	-	-
Write-offs of restructured accounts during the FY[5,6]	No. of borrowers	-	(5)	(1)	(4)	(10)	-	(8)	(2)	(9)	(19)
	Amount Outstanding – Restructured facility	-	(0.02)	-	(0.05)	(0.07)	-	(170.85)	(0.01)	(48.25)	(219.11)
	Amount Outstanding – Other facility	-	(0.02)	-	-	(0.02)	-	(2.66)	-	(6.04)	(8.70)
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	1,597	60	83	30	1,770	1,648	61	87	38	1,834
	Amount Outstanding – Restructured facility	2,163.06	5.75	11.78	58.21	2,238.80	7,020.47	14.33	169.29	187.80	7,391.89
	Amount Outstanding – Other facility	401.41	1.29	1.80	5.89	410.39	874.39	1.29	3.30	13.55	892.53
	Provision thereon	102.89	0.07	-	-	102.96	430.33	0.57	18.46	-	449.36

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2014

[1] Includes accounts closed during the year on account of payment of outstanding facilities by the borrower

[2] Amount reported here represents outstanding as on 31 March, 2014. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹3,456.95 crore for the FY 2013-14

[3] Includes accounts on account of re-work of restructuring and these accounts are not included in opening balance of standard restructured accounts

[4] Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY

[5] Includes accounts partially written-off during the year

[6] Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books

[7] The cumulative value of net restructured advances after reducing the provision held for diminution in fair value and balance in interest capitalisation account upto 31 March, 2014 aggregated ₹6,079.12 crores

Details of loan assets subjected to restructuring during the year ended 31 March, 2013 are given below:

(₹ *in crores*)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	16	-	1	3	20	7	1	-	9	17
	Amount Outstanding – Restructured facility	904.77	-	4.19	55.78	964.74	92.54	0.03	-	24.89	117.46
	Amount Outstanding – Other facility	21.97	-	-	2.34	24.31	6.09	-	-	5.29	11.38
	Provision thereon	136.74	-	-	-	136.74	3.51	-	-	-	3.51
Movement in balance for accounts appearing under opening balance[1]	No. of borrowers	-	-	-	-	-	(1)	-	-	(3)	(4)
	Amount Outstanding – Restructured facility	162.55	-	0.11	-	162.66	(1.49)	-	-	(2.78)	(4.27)
	Amount Outstanding – Other facility	4.56	-	-	-	4.56	0.43	-	-	(1.11)	(0.68)
	Provision thereon	(53.06)	-	-	-	(53.06)	(1.40)	-	-	-	(1.40)
Fresh Restructuring during the year [2,3]	No. of borrowers	18	-	1	-	19	2	-	-	-	2
	Amount Outstanding – Restructured facility	1,393.05	-	66.92	-	1,459.97	55.63	-	-	-	55.63
	Amount Outstanding – Other facility	23.22	-	-	-	23.22	-	-	-	-	-
	Provision thereon	124.98	-	3.12	-	128.10	6.60	-	-	-	6.60
Upgradation to restructured standard category during the FY	No. of borrowers	1	-	(1)	-	-	-	-	-	-	-
	Amount Outstanding – Restructured facility	84.33	-	(84.33)	-	-	-	-	-	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	17.22	-	(17.22)	-	-	-	-	-	-	-

(₹ *in crores*)

Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism				
Asset Classification		**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(2)				(2)	(1)				(1)
	Amount Outstanding – Restructured facility	(133.83)				(133.83)	(2.63)				(2.63)
	Amount Outstanding – Other facility	(2.40)				(2.40)	(2.66)				(2.66)
	Provision thereon	(18.13)				(18.13)	-				-
Downgradation of restructured accounts during the FY[4]	No. of borrowers	(3)	3	1	1	2	-	-	1	2	3
	Amount Outstanding – Restructured facility	(173.45)	85.82	84.33	58.30	55.00	-	3.00	0.03	3.50	6.53
	Amount Outstanding – Other facility	-	22.24	-	-	22.24	-	-	-	2.50	2.50
	Provision thereon	(21.02)	10.65	17.22	-	6.85	-	-	-	-	-
Write-offs of restructured accounts during the FY[5,6]	No. of borrowers	-	-	-	-	-	-	-	-	(3)	(3)
	Amount Outstanding – Restructured facility	-	-	-	(23.67)	(23.67)	-	-	-	(1.15)	(1.15)
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	(2.85)	(2.85)
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	30	3	2	4	39	7	1	1	5	14
	Amount Outstanding – Restructured facility	2,237.42	85.82	71.22	90.41	2,484.87	144.05	3.03	0.03	24.46	171.57
	Amount Outstanding – Other facility	47.35	22.24	-	2.34	71.93	3.86	-	-	3.83	7.69
	Provision thereon	186.73	10.65	3.12	-	200.50	8.71	-	-	-	8.71

(₹ *in crores*)

Type of Restructuring		Others					Total				
Asset Classification		**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**
Restructured accounts as on April 1 of the FY (Opening Balance)	No. of borrowers	256	18	15	12	301	279	19	16	24	338
	Amount Outstanding – Restructured facility	1,044.90	24.18	2.65	40.56	1,112.29	2,042.21	24.21	6.84	121.23	2,194.49
	Amount Outstanding – Other facility	54.93	1.49	-	-	56.42	82.99	1.49	-	7.63	92.11
	Provision thereon	4.44	0.20	-	-	4.64	144.69	0.20	-	-	144.89
Movement in balance for accounts appearing under opening balance[1]	No. of borrowers	(23)	(3)	(4)	-	(30)	(24)	(3)	(4)	(3)	(34)
	Amount Outstanding – Restructured facility	(193.55)	0.65	(0.88)	(2.21)	(195.99)	(32.49)	0.65	(0.77)	(4.99)	(37.60)
	Amount Outstanding – Other facility	10.43	(0.71)	-	-	9.72	15.42	(0.71)	-	(1.11)	13.60
	Provision thereon	26.75	(0.09)	-	-	26.66	(27.71)	(0.09)	-	-	(27.80)
Fresh Restructuring during the year[2, 3]	No. of borrowers	1,167	-	-	-	1,167	1,187	-	1	-	1,188
	Amount Outstanding – Restructured facility	831.22	-	-	-	831.22	2,279.90	-	66.92	-	2,346.82
	Amount Outstanding – Other facility	18.17	-	-	-	18.17	41.39	-	-	-	41.39
	Provision thereon	21.86	-	-	-	21.86	153.44	-	3.12	-	156.56
Upgradation to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	1	-	(1)	-	-
	Amount Outstanding – Restructured facility	-	-	-	-	-	84.33	-	(84.33)	-	-
	Amount Outstanding – Other facility	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	17.22	-	(17.22)	-	-
Restructured Standard Advances which cease to attract higher provisioning and/or additional risk weight at the end of FY	No. of borrowers	(5)				(5)	(8)				(8)
	Amount Outstanding – Restructured facility	(5.42)				(5.42)	(141.88)				(141.88)
	Amount Outstanding – Other facility	(3.71)				(3.71)	(8.77)				(8.77)
	Provision thereon	(0.05)				(0.05)	(18.18)				(18.18)
Downgradation of restructured accounts during the FY[4]	No. of borrowers	(84)	99	7	8	30	(87)	102	9	11	35
	Amount Outstanding – Restructured facility	(60.71)	(12.81)	24.25	50.91	1.64	(234.16)	76.01	108.61	112.71	63.17
	Amount Outstanding – Other facility	(2.69)	2.43	0.51	0.09	0.34	(2.69)	24.67	0.51	2.59	25.08
	Provision thereon	(0.07)	(0.02)	0.10	-	0.01	(21.09)	10.63	17.32	-	6.86
Write-offs of restructured accounts during the FY[5,6]	No. of borrowers	-	(22)	(1)	(2)	(25)	-	(22)	(1)	(5)	(28)
	Amount Outstanding – Restructured facility	-	(0.83)	(0.01)	(70.55)	(71.39)	-	(0.83)	(0.01)	(95.37)	(96.21)
	Amount Outstanding – Other facility	-	(0.28)	-	-	(0.28)	-	(0.28)	-	(2.85)	(3.13)
Restructured accounts as on March 31 of the FY (closing figures)	No. of borrowers	1,311	92	17	18	1,438	1,348	96	20	27	1,491
	Amount Outstanding – Restructured facility	1,616.44	11.19	26.01	18.71	1,672.35	3,997.91	100.04	97.26	133.58	4,328.79
	Amount Outstanding – Other facility	77.13	2.93	0.51	0.09	80.66	128.34	25.17	0.51	6.26	160.28
	Provision thereon	52.93	0.09	0.10	-	53.12	248.37	10.74	3.22	-	262.33

Amount outstanding under restructuring facilities and other facilities is as on 31 March, 2013

[1]Includes accounts closed during the year on account of payment of outstanding facilities by the borrower

[2]Amount reported here represents outstanding as on 31 March, 2013. Actual amount subjected to restructuring determined as on the date of approval of restructuring proposal is ₹1,985.30 crore for the FY 2012-13

[3]Includes accounts on account of re-work of restructuring and these accounts are not included in opening balance of standard restructured accounts

[4]Includes accounts which were not attracting higher provisioning and/or additional risk weight at the beginning of FY

[5]Includes accounts partially written-off during the year

[6]Amount outstanding under restructuring facilities and other facilities is as on the date of write-off in the books

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

(₹ in crores)

Sr. No.	Items	As at 31 March, 2014	As at 31 March, 2013
i)	Notional principal of swap agreements	**229,690.75**	221,054.14
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	**3,206.47**	1,697.05
iii)	Collateral required by the Bank upon entering into swaps	**387.66**	364.53
iv)	Concentration of credit risk arising from the swaps		
	Maximum single industry exposure with Banks (previous year with Banks)		
	- Interest Rate Swaps/FRAs	**3,115.12**	2,288.76
	- Cross Currency Swaps	**1,132.13**	615.67
v)	Fair value of the swap book (hedging & trading)		
	- Interest Rate Swaps/FRAs	**(106.35)**	261.50
	- Currency Swaps	**820.12**	334.55

The nature and terms of the IRS as on 31 March, 2014 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	16	4,589.49	LIBOR	Fixed receivable v/s floating payable
Hedging	5	3,091.61	LIBOR	Floating receivable v/s fixed payable
Trading	1	105.00	OTHERS	Fixed payable v/s fixed receivable
Trading	44	1,547.00	INBMK	Fixed receivable v/s floating payable
Trading	182	13,814.39	LIBOR	Fixed receivable v/s floating payable
Trading	711	70,543.16	MIBOR	Fixed receivable v/s floating payable
Trading	287	11,677.00	MIFOR	Fixed receivable v/s floating payable
Trading	61	3,681.00	INBMK	Floating receivable v/s fixed payable
Trading	263	17,873.76	LIBOR	Floating receivable v/s fixed payable
Trading	785	76,191.19	MIBOR	Floating receivable v/s fixed payable
Trading	144	6,584.00	MIFOR	Floating receivable v/s fixed payable
Trading	20	1,851.37	LIBOR	Floating receivable v/s floating payable
Trading	3	93.25	LIBOR	Pay cap
Trading	1	416.25	LIBOR	Pay cap/receive floor
Trading	1	416.25	LIBOR	Pay floor/receive cap
Trading	3	93.25	LIBOR	Receive cap
	2,527	**212,567.97**		

The nature and terms of the IRS as on 31 March, 2013 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	38	10,938.43	LIBOR	Fixed receivable v/s floating payable
Trading	50	1,799.10	INBMK	Fixed receivable v/s floating payable
Trading	65	3,867.00	INBMK	Floating receivable v/s fixed payable
Trading	143	8,096.09	LIBOR	Fixed receivable v/s floating payable
Trading	220	11,656.12	LIBOR	Floating receivable v/s fixed payable
Trading	12	835.99	LIBOR	Floating receivable v/s floating payable
Trading	3	81.43	LIBOR	Pay cap
Trading	3	81.43	LIBOR	Receive cap
Trading	884	79,333.63	MIBOR	Fixed receivable v/s floating payable
Trading	924	77,695.32	MIBOR	Floating receivable v/s fixed payable
Trading	203	8,045.00	MIFOR	Fixed receivable v/s floating payable
Trading	100	4,222.00	MIFOR	Floating receivable v/s fixed payable
Trading	1	150.00	OTHERS	Fixed payable v/s fixed receivable
Trading	1	447.85	LIBOR	Pay cap/receive floor
Trading	1	447.85	LIBOR	Pay floor/receive cap
	2,648	**207,697.24**		

There were no FRA's outstanding as on 31 March, 2014.

The nature and terms of the FRA's as on 31 March, 2013 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	2	2,171.40	LIBOR	Fixed receivable v/s floating payable
	2	**2,171.40**		

The nature and terms of the CCS as on 31 March, 2014 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	1	95.77	Principal & Coupon Swap	Fixed payable v/s fixed receivable
Hedging	1	299.58	LIBOR	Fixed receivable v/s floating payable
Hedging	1	248.05	LIBOR	Floating receivable v/s fixed payable
Trading	50	3,552.62	Principal & Coupon Swap	Fixed payable v/s fixed receivable
Trading	53	3,801.80	LIBOR	Fixed receivable v/s floating payable
Trading	63	5,499.02	LIBOR	Floating receivable v/s fixed payable
Trading	5	1,079.70	LIBOR/MIFOR	Floating receivable v/s floating payable
Trading	12	557.33	Principal Only	Fixed receivable
Trading	30	1,988.90	Principal Only	Fixed payable
	216	**17,122.77**		

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

The nature and terms of the CCS as on 31 March, 2013 are set out below:

(₹ in crores)

Nature	Nos.	Notional Principal	Benchmark	Terms
Hedging	1	79.29	Principal & Coupon Swap	Fixed payable v/s fixed receivable
Hedging	1	274.12	LIBOR	Fixed receivable v/s floating payable
Trading	33	2,720.49	LIBOR	Fixed receivable v/s floating payable
Trading	52	4,006.36	LIBOR	Floating receivable v/s fixed payable
Trading	1	48.86	LIBOR/INBMK	Floating receivable v/s floating payable
Trading	6	270.43	Principal Only	Fixed receivable
Trading	80	3,785.95	Principal Only	Fixed payable
	174	**11,185.50**		

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

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2014 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2014
i)	**Notional principal amount of exchange traded interest rate derivatives undertaken during the year**	
	883GS2023	5,776.30
		5,776.30
ii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2014**	
	883GS2023	257.90
		257.90
iii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2014 and "not highly effective"**	**N.A.**
iv)	**Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2014 and "not highly effective"**	**N.A.**

Details of Exchange Traded Interest Rate Derivatives for the year ended 31 March, 2013 are set out below:

(₹ in crores)

Sr. No.	Particulars	As at 31 March, 2013
i)	**Notional principal amount of exchange traded interest rate derivatives undertaken during the year**	
		-
		-
ii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2013**	
		-
		-
iii)	**Notional principal amount of exchange traded interest rate derivatives outstanding as on 31 March, 2013 and "not highly effective"**	N.A.
iv)	**Mark-to-market value of exchange traded interest rate derivatives outstanding as on 31 March, 2013 and "not highly effective"**	N.A.

The Bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year ended 31 March, 2014 and 31 March, 2013.

1.1.26 Disclosure on risk exposure in Derivatives

Qualitative disclosures:

(a) Structure and organisation for management of risk in derivatives trading, the scope and nature of risk measurement, risk reporting and risk monitoring systems, policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants:

Derivatives are financial instruments whose characteristics are derived from an underlying asset, or from interest and exchange rates or indices. The Bank undertakes over the counter and Exchange Traded derivative transactions for Balance Sheet management and also for proprietary trading/market making whereby the Bank offers derivative products to the customers to enable them to hedge their interest rate and currency risks within the prevalent regulatory guidelines.

Proprietary trading includes Interest Rate Futures, Currency Futures and Rupee Interest Rate Swaps under different benchmarks (viz. MIBOR, MIFOR and INBMK), and Currency Options for USD/INR pair (both OTC and exchange traded). The Bank also undertakes transactions in Cross Currency Swaps, Principal Only Swaps, Coupon Only Swaps and Long Term Forex Contracts (LTFX) for hedging its Balance Sheet and also offers them to its customers. These transactions expose the Bank to various risks, primarily credit, market and operational risk. The Bank has adopted the following mechanism for managing risks arising out of the derivative transactions.

There is a functional separation between the Treasury Front Office, Risk and Treasury Back Office to undertake derivative transactions. The derivative transactions are originated by Treasury Front Office, which ensures compliance with the trade origination requirements as per the Bank's policy and the RBI guidelines. The Market Risk Group within the Bank's Risk Department independently identifies measures and monitors the market risks associated with derivative transactions and apprises the Asset Liability Management Committee (ALCO) and the Risk Management Committee of the Board (RMC) on the compliance with the risk limits. The Treasury Back Office undertakes activities such as trade confirmation, settlement, ISDA documentation, accounting and other MIS reporting.

The derivative transactions are governed by the derivative policy, market risk management policy, hedging policy and the suitability and appropriateness policy of the Bank as well as by the extant RBI guidelines. The Bank has also put in place a detailed process flow for customer derivative transactions for effective management of operational risk/reputation risk.

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

Hedging transactions are undertaken by the Bank to protect the variability in the fair value or the cash flow of the underlying Balance Sheet item. These deals are accounted on an accrual basis except the swap designated with an asset/liability that is carried at market value or lower of cost or market value. In that case, the swap is marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability. These transactions are tested for hedge effectiveness and in case any transaction fails the test, the same is re-designated as a trading deal with the approval of the competent authority and appropriate accounting treatment is followed.

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

The Hedging Policy approved by the RMC governs the use of derivatives for hedging purpose. Subject to the prevailing RBI guidelines, the Bank deals in derivatives for hedging fixed rate and floating rate coupon or foreign currency assets/liabilities. Transactions for hedging and market making purposes are recorded separately. For hedge transactions, the Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. The effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. Hedge derivative transactions are accounted for in accordance with the hedge accounting principles. Derivatives for market making purpose are marked to market and the resulting gain/loss is recorded in the Profit and Loss Account. The premium on option contracts is accounted for as per FEDAI guidelines. Derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with respective counterparties. The exposure on account of derivative transactions is computed as per the RBI guidelines and is marked against the credit limits approved for the respective counterparties.

(c) Provisioning, collateral and credit risk mitigation

Derivative transactions comprise of swaps and options which are disclosed as contingent liabilities. The swaps are categorised as trading or hedging and all the options are categorised as the trading book. Trading swaps/options are revalued at the Balance Sheet date with the resulting unrealised gain or loss being recognised in the Profit and Loss Account and correspondingly in other assets or other liabilities respectively. Hedged swaps are accounted for as per the RBI guidelines. Pursuant to the RBI guidelines, any receivables (crystallised receivables and positive MTM) under derivatives contracts, which remain overdue for more than 90 days, are reversed through the Profit and Loss Account and are held in a separate Suspense account.

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

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

Quantitative disclosure on risk exposure in derivatives*:

(₹ in crores)

		As at 31 March, 2014			
		Currency Derivatives			Interest rate Derivatives
Sr. No.	**Particulars**	**Forward Contracts**	**CCS**	**Options**	
1	**Derivatives (Notional Principal Amount)**				
	a) For hedging	18,197.07	643.40	-	7,681.10
	b) For trading	213,077.13	16,479.37	20,268.80	204,886.87
2	**Marked to Market Positions#**				
	a) Asset (+)	432.03	839.12	-	-
	b) Liability (-)	-	-	(35.33)	(175.88)
3	**Credit Exposure@**	7,580.14	3,267.62	385.76	3,651.88
4	**Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2014)**				
	a) on hedging derivatives	253.29	5.99	-	30.26
	b) on trading derivatives	25.76	191.02	4.54	393.23
5	**Maximum and Minimum of 100*PV01 observed during the year**				
	a) on hedging				
	I) Minimum	24.59	5.52	-	1.61
	II) Maximum	291.02	11.45	-	261.47
	b) on Trading				
	I) Minimum	1.91	7.43	0.02	210.88
	II) Maximum	33.94	220.20	8.21	650.88

Only on trading derivatives and represents net position

@ Includes accrued interest

(₹ in crores)

		As at 31 March, 2013			
		Currency Derivatives			Interest rate Derivatives
Sr. No.	**Particulars**	**Forward Contracts**	**CCS**	**Options**	
1	**Derivatives (Notional Principal Amount)**				
	a) For hedging	13,218.41	353.41	-	13,109.83
	b) For trading	218,797.85	10,832.09	8,022.86	196,758.81
2	**Marked to Market Positions#**				
	a) Asset (+)	328.93	338.93	-	-
	b) Liability (-)	-	-	(13.64)	(108.35)
3	**Credit Exposure@**	7,764.61	1,835.46	130.78	2,743.39
4	**Likely impact of one percentage change in interest rate (100*PV01) (as at 31 March, 2013)**				
	a) on hedging derivatives	0.24	9.49	-	307.66
	b) on trading derivatives	2.38	191.19	1.34	417.04
5	**Maximum and Minimum of 100*PV01 observed during the year**				
	a) on hedging				
	I) Minimum	-	9.49	-	275.34
	II) Maximum	1.31	12.82	-	353.77
	b) on Trading				
	I) Minimum	1.57	62.22	0.21	242.62
	II) Maximum	6.60	193.67	6.78	419.32
	# Only on trading derivatives and represents net position				
	@ Includes accrued interest				

* only Over The Counter derivatives included

During the year ended 31 March, 2014, the RBI had introduced a US Dollar-Rupee swap window for FCNR (B) dollar funds mobilised for a minimum tenor of three years and over. The Bank has swapped USD 1,565 million (₹9,705.76 crores) during the special swap window of RBI.

Pursuant to RBI guidelines, the Bank has started dealing in Exchange Traded Currency Options. The outstanding notional principal amount of these derivatives as at 31 March, 2014 was ₹Nil crores (previous year ₹Nil crores) and the mark-to-market value was ₹Nil (previous year ₹Nil crores).

1.1.27 Details of penalty levied by RBI during the year ended 31 March, 2014 is as under:

Sr. No.	**Amount (₹ in crores)**	**Reason for levy of penalty by RBI**	**Date of payment of penalty**
1.	5.00	Non-compliance of instructions with respect to direction on Know Your Customer (KYC) norms/Anti Money Laundering (AML) standards/ Combating of Financial Terrorism/Obligation of banks under the Prevention of Money Laundering Act, 2002 and under Foreign Exchange Management Act, 1999(FEMA). Penalty was imposed in terms of Section 47A 1(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949 and sub-section (3) of Section 11 of FEMA.	12 June, 2013
2.	0.05	Non-compliance with instructions on issuance and operations of Pre-Paid Instruments (PPIs)	20 August, 2013

No penalty/strictures have been imposed on the Bank during the year ended 31 March, 2013.

1.1.28 Disclosure of Customer Complaints

		31 March, 2014	31 March, 2013
a.	No. of complaints pending at the beginning of the year	**1,757**	2,188
b.	No. of complaints received during the year	**193,788**	197,733
c.	No. of complaints redressed during the year	**191,183**	198,164
d.	No. of complaints pending at the end of the year	**4,362**	1,757

The above information does not include complaints redressed within 1 working day and is as certified by the Management and relied upon by the auditors.

1.1.29 Disclosure of Awards passed by the Banking Ombudsman

		31 March, 2014	31 March, 2013
a.	No. of unimplemented awards at the beginning of the year	**3**	-
b.	No. of awards passed by the Banking Ombudsman during the year	**4**	4
c.	No. of awards implemented during the year	**5**	1
d.	No. of unimplemented awards at the end of the year	**2***	3

*under appeal

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

1.1.30 Draw Down from Reserves

The Bank has not undertaken any drawdown from reserves during the year.

1.1.31 Letter of Comfort

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

1.1.32 Disclosure on Remuneration

Qualitative disclosures

a) Information relating to the composition and mandate of the Remuneration Committee

The HR and Remuneration Committee of the Board oversees the framing, review and implementation of the compensation policy of the Bank on behalf of the Board. The Committee works in close coordination with the Risk Management Committee of the Bank, in order to achieve effective alignment between remuneration and risks.

As on 31 March, 2014 and 31 March, 2013, the HR and Remuneration Committee comprises of the following non-executive independent directors.

1. Shri Prasad R. Menon - Chairman
2. Shri K. N. Prithviraj
3. Shri V. R. Kaundinya
4. Prof. Samir K. Barua

The HR and Remuneration Committee of the Board, functions with the following main objectives:

a. To review and recommend to the Board for approval, the overall remuneration philosophy and policy of the Bank, including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based compensation to employees of the Bank, and any other form of compensation as may be included from time to time, keeping in mind the strategic objectives, market environment and the regulatory framework as may exist.

b. To review and recommend to the Board for approval, the total increase in manpower cost budget of the Bank as a whole, at an aggregate level, for the next year.

c. To review and recommend to the Board for approval, the talent management and succession policy and process in the Bank for ensuring business continuity, especially at the level of Managing Director and Chief Executive Officer (MD & CEO), the other Whole-time Directors (WTDs), senior managers one level below the Board position and other key roles.

d. To review organisation health through feedback from employee surveys conducted on a regular basis.

e. To review the Code of Conduct and HR strategy, policy and performance appraisal process within the Bank, as well as any fundamental changes in organisation structure which could have wide ranging or high risk implications.

f. To review and recommend to the Board for approval, of the creation of new positions, one level below the MD & CEO.

g. To review appointments, promotions and exits of senior managers, one level below the MD & CEO.

h. To set the goals, objectives and performance benchmarks for the Bank and for MD & CEO, the other WTDs for the financial year and over the medium to long term.

i. To review the performance of the MD & CEO, other WTDs at the end of each year.

j. To recommend to the Board the remuneration package for the MD & CEO, the other WTDs and senior managers one level below the Board - including the level and structure of fixed pay, variable pay, stock-based compensation and perquisites;

k. To recommend to the Board the compensation payable to the Chairman of the Bank, including fixed and variable pay and perquisites.

b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy

Objectives of the Remuneration Policy

The compensation philosophy of the Bank aims to attract, retain and motivate professionals in order to enable the Bank to attain its strategic objectives and develop a strong performance culture in the competitive environment in which it operates. To achieve this, the following principles are adopted.

- Competitiveness in talent market
- Pay for job through fixed pay
- Pay for performance to drive meritocracy through variable pay
- Employee Stock Options for long-term value creation
- Benefits and perquisites are offered to employees to remain aligned with market practices and provide flexibility
- Affordability: Pay to reflect productivity improvements to retain cost-income competitiveness

Apart from the above, the compensation structure for MD & CEO & WTDs is aligned to RBI's guidelines for sound compensation practices (effective FY 2012-13) and addresses the general principles of:

- Effective and independent governance and monitoring of compensation.
- Alignment of compensation with prudent risk-taking through well designed and consistent compensation structures.
- Clear and timely disclosure to facilitate supervisory oversight by all stakeholders.

Accordingly, the Compensation Policy for MD & CEO and WTDs seeks to:

a) Ensure that the compensation, in terms of structure and total amount, is in line with the best practices, as well as competitive vis-à-vis that of peer banks.

b) Establish the linkage of compensation with individual performance as well as achievement of the corporate objectives of the Bank.

c) Include a significant variable pay component tied to the achievement of pre-established objectives in line with Bank's scorecard while ensuring that the compensation is aligned with prudent risk taking.

d) Encourage attainment of long term shareholder returns through inclusion of equity linked long-term incentives as part of compensation.

Design & Structure of Remuneration process

Compensation is structured in terms of fixed pay, variable pay and employee stock options (for selective employees), with the last two being strongly contingent on employee performance. The compensation policy of the Bank is approved by the HR and Remuneration Committee. Additional approval from Shareholders and RBI is obtained specifically for compensation of MD & CEO and WTD's.

c) Description of the ways in which current and future risks are taken into account in the remuneration process

Categorization of employees under Risk alignment of compensation framework

The MD & CEO, WTD's and employees in the Grade of Vice President and above engaged in the functions of Risk Control and Compliance are included in the policy of risk alignment of compensation.

Performance Parameters aligned to relevant risk measures

The following relevant risk measures are included in the scorecards of MD & CEO and WTDs

- NPA - net slippages
- Ratio of Risk Weighted Assets to Total Assets
- Liquidity Coverage Ratio

Inclusion of the above measures ensure that performance parameters are aligned to risk measures at the time of performance evaluation

Deferral of Variable Pay

To ensure that risk measures do not focus only on achieving short term goals; variable payout is deferred, if it exceeds 40% of the fixed pay.

Other Risk Takers

For other staff (including risk takers) a policy on similar lines is proposed to be put in place in future.

d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration

The Bank's performance management and compensation philosophies are structured to support the achievement of the Bank's on-going business objectives by rewarding achievement of objectives linked directly to its strategic business priorities. These strategic priorities are cascaded through annualised objectives to the employees.

The Bank follows the balanced scorecard approach in designing its performance management system. Adequate attention is given to robust goal setting process to ensure alignment of individual objectives to support the achievement of business strategy, financial and non-financial goals across and through the organization. The non-financial goals for employees includes customer service, process improvement, adherence to risk and compliance norms, self-capability development and behaviours such as integrity and team management.

Appraisals are conducted annually and initiated by the self-appraisal of an employee. The immediate supervisor reviews the appraisal ratings in a joint consultation meeting with the employee and assigns the performance rating. The final rating is discussed by a Moderation Committee comprising of senior officials of the Bank. Both relative and absolute individual performance is considered in the moderation process. Individual fixed pay increases, variable pay and ESOPs are linked to the final performance ratings. In addition, the fixed pay increase is also influenced by an employee's position in the salary range.

e) Bank's policy on deferral and vesting of variable remuneration and Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting

The policy for risk alignment of compensation effective from financial year 2012-13 provides for the deferral of variable pay for MD & CEO and WTD's.

The following clauses with regard to deferral are included in the policy.

- If the variable pay exceeds 40% of the fixed pay, 45% of the variable pay is deferred proportionately over a period of three years.
- The deferred variable pay amount of reference year is held back in case of any misrepresentation or gross inaccuracy resulting in a wrong risk assessment.
- Also, a sharp fall in profit, say to the extent of 30% of the reference year triggers further examination of the causes and the HR and Remuneration Committee thereafter takes decision on holding back or release of deferred variable pay.

f) Description of the different forms of variable remuneration (i.e. Cash, Shares, ESOPs and other forms) that the Bank utilises and the rationale for using these different forms

Different forms of variable remuneration are as mentioned below:

- Variable Pay: Variable Pay is linked to corporate performance, business performance and individual performance and ensures differential pay based on the performance levels of employees.
- ESOPs: ESOPs are given to selective set of employees at senior levels based on their level of performance and role. ESOP scheme has an inbuilt deferral vesting design which helps in retention of employees along with providing an opportunity of long term wealth creation for the employees.

Quantitative disclosures

The quantitative disclosures pertaining to the MD & CEO and WTDs identified as risk takers for the year ended 31 March, 2014 & 31 March, 2013 are given below:

		31 March, 2014	31 March, 2013
a.	i) Number of meetings held by the Remuneration Committee during the financial year	**5**	6
	ii) Remuneration paid to its members (sitting fees)	**₹380,000**	₹340,000
b.	Number of employees having received a variable remuneration award during the financial year	**3***	1
c.	Number and total amount of sign-on awards made during the financial year	**N.A.**	N.A.
d.	Details of guaranteed bonus, if any, paid as joining/sign on bonus	**N.A.**	N.A.
e.	Details of severance pay, in addition to accrued benefits, if any	**N.A.**	N.A.
f.	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	**N.A.**	N.A.
g.	Total amount of deferred remuneration paid out in the financial year	**N.A.**	N.A.
h.	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred	**Fixed - ₹6.32 crores#** **Variable - ₹1.96 crores*** **Deferred - Nil** **Non-deferred - ₹1.96 crores***	Fixed- ₹3.76 crores Variable- ₹0.38 crores Deferred - Nil Non-deferred - ₹0.38 crores

		31 March, 2014	31 March, 2013
i.	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments	**N.A.**	N.A.
j.	Total amount of reductions during the financial year due to ex-post explicit adjustments	**N.A.**	N.A.
k.	Total amount of reductions during the financial year due to ex-post implicit adjustments	**N.A.**	N.A.

* pertains to FY 2012-13 paid to MD & CEO and WTDs (previous year pertains to FY 2011-12 paid to MD & CEO)

\# Fixed Remuneration includes basic salary, leave fare concession, house rent allowance, superannuation allowance and contribution towards provident fund

1.1.33 Bancassurance Business

Details of income earned from Bancassurance business are as under:

(₹ in crores)

Sr. No.	Nature of Income*	31 March, 2014	31 March, 2013
1.	For selling life insurance policies	**468.11**	336.76
2.	For selling non-life insurance policies	**18.16**	19.41
3.	For selling mutual fund products	**149.43**	79.99
4.	Others (selling of gold coins, wealth advisory, RBI and other bonds etc.)	**26.27**	74.45
	Total	**661.97**	510.61

*includes receipts on account of marketing activities undertaken on behalf of bancassurance partners

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

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

(₹ in crores)

Particulars	31 March, 2014	31 March, 2013
Total assets	**43,129.73**	37,151.94
Total NPAs	**254.28**	219.29
Total revenue	**2,304.87**	2,161.26

1.1.36 During the year ended 31 March, 2014 and 31 March, 2013, the value of sales/transfers of securities to/from HTM category (excluding one-time transfer of securities and sales to RBI under OMO auctions) was within 5% of the book value of investments held in HTM category at the beginning of the year.

1.2 Other disclosures

1.2.1 During the year, the Bank has booked loss of ₹114.25 crores on transfer of Government securities with book value of ₹7,566.36 crores from Available for Sale category to Held to Maturity category at a value of ₹7,452.11 crores in accordance with RBI guidelines.

1.2.2 During the year, the Bank has appropriated ₹38.87 crores (previous year ₹141.46 crores), net of taxes and transfer to statutory reserve to the Capital Reserve, being the gain on sale of HTM investments in accordance with RBI guidelines.

1.2.3 During the year, the Bank has appropriated an amount of ₹1.05 crores (previous year ₹2.61 crores) to Reserve Fund account in accordance with guidelines issued by Central Bank of Sri Lanka in respect of Sri Lanka branch operations.

1.2.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

	31 March, 2014	31 March, 2013
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	**6,217.67**	5,179.43
Basic weighted average no. of shares (in crores)	**46.90**	43.28
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	**0.12**	0.30
Diluted weighted average no. of shares (in crores)	**47.02**	43.58
Basic EPS (₹)	**132.56**	119.67
Diluted EPS (₹)	**132.23**	118.85
Nominal value of shares (₹)	**10.00**	10.00

Dilution of equity is on account of 1,169,588 (previous year 2,975,646) stock options.

1.2.5 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 13,000,000 equity shares to eligible employees. Eligible employees are granted an option to purchase shares subject to vesting conditions. The options vest in a graded manner over 3 years. The options can be exercised within 3 years from the date of the vesting. Further, 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 35,017,400. Within the overall ceiling of 48,017,400 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.

42,407,590 options have been granted under the Scheme till the previous year ended 31 March, 2013.

On 25 April, 2013, the Bank granted 2,003,000 stock options (each option representing entitlement to one equity share of the Bank) to its employees including the MD & CEO and employees of certain subsidiaries of the Bank at a price of ₹1,444.80 per option.

Stock option activity under the Scheme for the year ended 31 March, 2014 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	10,865,025	468.90 to 1,447.55	1,090.43	2.69
Granted during the year	2,003,000	1,444.80	1,444.80	-
Forfeited during the year	(60,004)	468.90 to 1,447.55	1,152.16	-
Expired during the year	(72,380)	468.90 to 824.40	562.84	-
Exercised during the year	(1,890,085)	468.90 to 1,447.55	727.86	-
Outstanding at the end of the year	**10,845,556**	**503.25 to 1,447.55**	**1,222.24**	**2.44**
Exercisable at the end of the year	6,042,426	503.25 to 1,447.55	1,143.45	1.42

The weighted average share price in respect of options exercised during the year was ₹1,314.00.

Stock option activity under the Scheme for the year ended 31 March, 2013 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	11,428,248	319.00 to 1,447.55	965.90	2.79
Granted during the year	2,516,000	1,086.65	1,086.65	-
Forfeited during the year	(175,698)	319.00 to 1,447.55	1,144.00	-
Expired during the year	(80,954)	319.00 to 824.40	568.70	-
Exercised during the year	(2,822,571)	319.00 to 1,447.55	594.48	-
Outstanding at the end of the year	**10,865,025**	**468.90 to 1,447.55**	**1,090.43**	**2.69**
Exercisable at the end of the year	5,372,105	468.90 to 1,447.55	941.06	1.57

The weighted average share price in respect of options exercised during the year was ₹1,217.66.

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, 2014	31 March, 2013
Net Profit (as reported) (₹ in crores)	**6,217.67**	5,179.43
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)	**(103.48)**	(117.08)
Net Profit (Proforma) (₹ in crores)	**6,114.19**	5,062.35
Earnings per share: Basic (in ₹)		
As reported	**132.56**	119.67
Proforma	**130.36**	116.97
Earnings per share: Diluted (in ₹)		
As reported	**132.23**	118.85
Proforma	**130.07**	116.27

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, 2014	31 March, 2013
Dividend yield	**1.36%**	1.20%
Expected life	**2-4 years**	2-4 years
Risk free interest rate	**7.45% to 7.57%**	8.14% to 8.33%
Volatility	**33.86% to 36.93%**	35.92% to 50.25%

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, 2014 is ₹438.87 (previous year ₹387.24).

1.2.6 Dividend paid on shares issued on exercise of stock options

The Bank may allot shares between the Balance Sheet date and record date for the declaration of dividend pursuant to the exercise of any employee stock options. These shares will be eligible for full dividend for the year ended 31 March, 2014, if approved at the ensuing Annual General Meeting. Dividend relating to these shares has not been recorded in the current year.

Appropriation to proposed dividend during the year ended 31 March, 2014 includes dividend of ₹2.05 crores (previous year ₹2.02 crores) paid pursuant to exercise of 975,266 employee stock options after the previous year end but before the record date for declaration of dividend for the year ended 31 March, 2013.

1.2.7 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 based on the 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.

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, 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, 2014				
	Treasury	**Corporate/ Wholesale Banking**	**Retail Banking**	**Other Banking Business**	**Total**
Segment Revenue					
Gross interest income (external customers)	8,690.80	12,605.67	9,344.69	-	30,641.16
Other income	2,102.78	3,016.49	1,619.06	666.89	7,405.22
Total income as per Profit and Loss Account	**10,793.58**	**15,622.16**	**10,963.75**	**666.89**	**38,046.38**
Add/(less) inter segment interest income	35,606.40	3,802.28	11,295.25	-	50,703.93
Total segment revenue	**46,399.98**	**19,424.44**	**22,259.00**	**666.89**	**88,750.31**
Less: Interest expense (external customers)	9,904.69	383.58	8,401.25	-	18,689.52
Less: Inter segment interest expense	33,763.53	9,370.03	7,570.37	-	50,703.93
Less: Operating expenses	384.68	2,012.82	5,405.82	97.45	7,900.77
Operating profit	**2,347.08**	**7,658.01**	**881.56**	**569.44**	**11,456.09**
Less: Provision for non-performing assets/others*	11.34	1,765.41	330.29	0.42	2,107.46
Segment result	**2,335.74**	**5,892.60**	**551.27**	**569.02**	**9,348.63**
Less: Provision for tax					3,130.96
Extraordinary profit/loss					-
Net Profit					**6,217.67**
Segment assets	143,268.32	132,124.20	105,609.76	383.62	381,385.90
Unallocated assets					1,858.99
Total assets					**383,244.89**
Segment liabilities	123,757.71	69,718.11	150,297.09	25.94	343,798.85
Unallocated liabilities					1,225.55
Total liabilities					**345,024.40**
Net assets	**19,510.61**	**62,406.09**	**(44,687.33)**	**357.68**	**38,220.49**
Capital expenditure for the year	**20.48**	**157.66**	**432.03**	**4.69**	**614.86**
Depreciation on fixed assets for the year	**12.12**	**93.32**	**255.71**	**2.78**	**363.93**

(₹ in crores)

	31 March, 2013				
	Treasury	**Corporate/ Wholesale Banking**	**Retail Banking**	**Other Banking Business**	**Total**
Segment Revenue					
Gross interest income (external customers)	8,016.33	12,034.57	7,131.67	-	27,182.57
Other income	1,581.20	2,843.97	1,610.88	515.06	6,551.11
Total income as per Profit and Loss Account	**9,597.53**	**14,878.54**	**8,742.55**	**515.06**	**33,733.68**
Add/(less) inter segment interest income	32,939.38	3,371.64	9,547.31	-	45,858.33
Total segment revenue	**42,536.91**	**18,250.18**	**18,289.86**	**515.06**	**79,592.01**
Less: Interest expense (external customers)	10,205.87	285.85	7,024.59	-	17,516.31
Less: Inter segment interest expense	30,866.09	9,184.48	5,807.76	-	45,858.33
Less: Operating expenses	443.10	1,621.19	4,712.86	137.09	6,914.24
Operating profit	**1,021.85**	**7,158.66**	**744.65**	**377.97**	**9,303.13**
Less: Provision for non-performing assets/others*	(94.48)	1,614.12	230.42	0.38	1,750.44
Segment result	**1,116.33**	**5,544.54**	**514.23**	**377.59**	**7,552.69**
Less: Provision for tax					2,373.26
Extraordinary profit/loss					-
Net Profit					**5,179.43**
Segment assets	135,490.74	128,119.81	75,260.84	247.45	339,118.84
Unallocated assets					1,441.82
Total assets					**340,560.66**
Segment liabilities	124,981.57	63,289.17	118,121.04	31.20	306,422.98
Unallocated liabilities					1,029.82
Total liabilities					**307,452.80**
Net assets	**10,509.17**	**64,830.64**	**(42,860.20)**	**216.25**	**33,107.86**
Capital expenditure for the year	**20.79**	**99.37**	**288.91**	**8.46**	**417.53**
Depreciation on fixed assets for the year	**17.52**	**83.71**	**243.38**	**7.12**	**351.73**

*represents material non-cash items other than depreciation

Geographic Segments

(₹ in crores)

	Domestic		**International**		**Total**	
	31 March, 2014	31 March, 2013	**31 March, 2014**	31 March, 2013	**31 March, 2014**	31 March, 2013
Revenue	**35,741.51**	31,572.42	**2,304.87**	2,161.26	**38,046.38**	33,733.68
Assets	**340,115.16**	303,408.72	**43,129.73**	37,151.94	**383,244.89**	340,560.66
Capital Expenditure incurred	**608.18**	415.53	**6.68**	2.00	**614.86**	417.53
Depreciation provided	**361.74**	350.18	**2.19**	1.55	**363.93**	351.73

1.2.8 Related party disclosure

The related parties of the Bank are broadly classified as:

a) Promoters

The Bank has identified the following entities as its Promoters.

- Administrator of the Specified Undertaking of the Unit Trust of India (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. Somnath Sengupta [Executive Director & Head (Corporate Centre)]
- Mr. V. Srinivasan [Executive Director & Head (Corporate Banking)]

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. Chaitaly Sengupta, Mrs. Renukona Sengupta, Mr. Niloy Sengupta, 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 and Mr. R. Narayan.

d) Subsidiary Companies

- Axis Capital Limited
- Axis Private Equity Limited
- Axis Trustee Services Limited
- Axis Asset Management Company Limited
- Axis Mutual Fund Trustee Limited
- Axis Bank UK Limited (formerly Axis U.K. Limited)
- Axis Finance Limited (formerly Axis Finance Private Limited)
- Axis Securities Limited*

* On 28 October, 2013, the Bank purchased 15.92% stake in Axis Securities Limited from Axis Capital Limited at a consideration of ₹38.25 crores thus making it a wholly owned subsidiary of the Bank.

e) Step down Subsidiary Companies

- Enam International Limited
- Axis Securities Europe Limited (formerly Enam Securities Europe Limited)

f) Associate

- Bussan Auto Finance India Private Limited

  The above investment does not fall within the definition of a Joint Venture as per AS-27, Financial Reporting of Interest in Joint Ventures, notified under Section 211(3C) of the Companies Act, 1956 and the said accounting standard is thus not applicable. However, pursuant to RBI guidelines, the Bank has classified the same as investment in joint ventures in the Balance Sheet. Such investment has been accounted as an Associate in Consolidated Financial Statements as per AS-23, Accounting for Investments in Associates in Consolidated Financial Statements, notified under Section 211(3C) of the Companies Act, 1956. Based on RBI guidelines, details of transactions with Associates are not disclosed since there is only one entity/party in this category.

The significant transactions between the Bank and related parties during the year ended 31 March, 2014 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 ₹175.00 crores (previous year ₹155.56 crores), Life Insurance Corporation of India ₹78.77 crores (previous year ₹64.06 crores)
- Dividend received: Axis Trustee Services Ltd. ₹1.88 crores (previous year ₹1.50 crores)
- Interest paid: Life Insurance Corporation of India ₹928.77 crores (previous year ₹731.58 crores)
- Interest received: Axis Bank UK Ltd. ₹6.52 crores (previous year Nil) and Axis Finance Ltd. ₹1.27 crores (previous year Nil)
- Investment of the Bank: Axis Bank UK Ltd. ₹299.57 crores (previous year Nil) and Axis Finance Ltd. ₹250 crores (previous year Nil)
- Investment of related party in the Bank: Mrs. Shikha Sharma ₹7.35 crores (previous year ₹1.48 crores) and Mr. V. Srinivasan ₹2.43 crores (previous year ₹2.04 crores)
- Redemption of subordinated debt: Life Insurance Corporation of India ₹25.00 crores (previous year ₹80 crores) and General Insurance Corporation of India ₹15 crores (previous year Nil)
- Sale of Investments: Life Insurance Corporation of India ₹221.71 crores (previous year ₹1,030.60 crores), General Insurance Corporation of India ₹181.37 crores (previous year ₹85.00 crores), New India Assurance Company Ltd. ₹147.51 crores (previous year Nil), National Insurance Company Ltd. ₹109.97 crores (previous year ₹191.79 crores), United India Insurance Company Ltd. ₹79.12 crores (previous year ₹115.03 crores)
- Management Contracts: Axis Securities Limited ₹4.76 crores (previous year ₹6.41 crores), Axis Trustee Services Ltd. ₹2.63 crores (previous year ₹2.46 crores) and Axis Finance Ltd. ₹2.52 crores (previous year Nil), Mrs. Shikha Sharma ₹4.07 crores (previous year ₹2.83 crores), Mr. Somnath Sengupta ₹2.30 crores (previous year ₹0.70 crores) and Mr. V. Srinivasan ₹2.18 crores (previous year ₹0.72 crores)
- Contribution to employee benefit fund: Life Insurance Corporation of India ₹15.49 crores (previous year ₹14.58 crores)
- Non-funded commitments: Life Insurance Corporation of India ₹0.02 crores (previous year Nil), Oriental Insurance Company Ltd. ₹0.04 crores (previous year Nil)
- Call/Term borrowing from related party: Axis Bank UK Ltd. ₹143.99 crores (previous year Nil)
- Call/Term lending to related party: Axis Bank UK Ltd. ₹12.65 crores (previous year Nil)
- Swap/forward contracts: Axis Bank UK Ltd. ₹413.52 crores (previous year Nil)
- Advance granted (net): Axis Bank UK Ltd. ₹148.48 crores (previous year Nil) and Axis Finance Ltd. ₹62.12 crores (previous year Nil)
- Advance repaid: Life Insurance Corporation of India ₹27.91 crores (previous year ₹15.51 crores)
- Sell down of loans and advances: Axis Bank UK Ltd. ₹694.79 crores (previous year Nil)
- Advance to related party against rendering of services: Axis Securities Ltd. ₹25.00 crores (previous year Nil)
- Receiving of services: Oriental Insurance Company Ltd. ₹51.20 crores (previous year ₹2,924), Axis Securities Limited ₹241.95 crores (previous year ₹198.65 crores)
- Rendering of services: Axis Asset Management Company Ltd. ₹15.97 crores (previous year ₹14.83 crores), Axis Bank UK Ltd. ₹4.15 crores (previous year Nil) and Axis Capital Ltd. ₹7.66 crores (previous year ₹6.75 crores)

- Purchase of equity shares from related party: Axis Capital Ltd. ₹38.25 crores (previous year Nil)
- Other reimbursement from related party: Axis Securities Ltd. ₹1.01 crores (previous year Nil), Axis Asset Management Company Ltd. ₹1.73 crores (previous year ₹1.05 crores), Axis Bank UK Ltd. ₹2.17 crores (previous year Nil) and Axis Capital Ltd. ₹3.56 crores (previous year ₹8.68 crores)
- Other reimbursement to related party: Life Insurance Corporation of India ₹0.39 crores (previous year ₹0.76 crores) and Axis Securities Ltd. ₹0.40 crores (previous year ₹0.62 crores)

The details of transactions of the Bank with its related parties during the year ended 31 March, 2014 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Step down Subsidiaries	Total
Dividend paid	286.21	0.13	-	-	-	**286.34**
Dividend received	-	-	-	1.88	-	**1.88**
Interest paid	994.86	0.78	0.08	27.09	-	**1,022.81**
Interest received	0.27	0.17	-	7.85	-	**8.29**
Investment of the Bank	-	-	-	599.57	-	**599.57**
Investment of related party in the Bank	-	10.68	-	-	-	**10.68**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	-	-	-	-	-	**-**
Redemption of Subordinated Debt	40.00	-	-	-	-	**40.00**
Purchase of investments	-	-	-	-	-	**-**
Sale of investments	754.46	-	-	-	-	**754.46**
Management contracts	-	8.55	-	10.08	-	**18.63**
Contribution to employee benefit fund	15.49	-	-	-	-	**15.49**
Purchase of fixed assets	-	-	-	-	-	**-**
Sale of fixed assets	-	-	-	-	-	**-**
Non-funded commitments	0.06	-	-	-	-	**0.06**
Call/Term borrowing	-	-	-	143.99	-	**143.99**
Call/Term lending	-	-	-	12.65	-	**12.65**
Swaps/Forward contracts	-	-	-	413.52	-	**413.52**
Advance granted (net)	-	0.83	-	210.59	-	**211.42**
Advance repaid	27.91	1.26	-	-	-	**29.17**
Sell down of loans and advances	-	-	-	694.79	-	**694.79**
Advance to related party against rendering of services	-	-	-	25.00	-	**25.00**
Receiving of services	67.60	-	-	244.98	-	**312.58**
Rendering of services	2.45	-	-	31.16	-	**33.61**
Consideration received towards demerger	-	-	-	-	-	**-**
Consideration paid towards acquisition of subsidiary	-	-	-	-	-	**-**
Purchase of equity shares from related party	-	-	-	38.25	-	**38.25**
Other reimbursements from related party	-	-	-	9.05	-	**9.05**
Other reimbursements to related party	0.39	-	-	0.42	-	**0.81**

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2014 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Step down Subsidiaries	Total
Borrowings from the Bank	-	-	-	-	-	**-**
Deposits with the Bank	10,097.26	9.77	1.23	414.00	-	**10,522.26**
Placement of deposits	0.15	-	-	-	-	**0.15**
Advances	0.78	1.61	-	212.16	-	**214.55**
Investment of the Bank	-	-	-	1,020.26	-	**1,020.26**
Investment of related party in the Bank	138.78	0.10	-	-	-	**138.88**
Non-funded commitments	3.07	-	-	4.35	-	**7.42**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	2,765.00	-	-	-	-	**2,765.00**
Advance for rendering of services	-	-	-	-	-	**-**
Other receivables (net)	-	-	-	77.52*	-	**77.52**
Other payables (net)	-	-	-	7.04	-	**7.04**
Swap/Forward contracts	-	-	-	81.84	-	**81.84**

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2014 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Step down Subsidiaries	Total
Borrowings from the Bank	-	-	-	-	-	**-**
Deposits with the Bank	10,836.28	12.89	1.76	519.80	-	**11,370.73**
Placement of deposits	0.16	-	-	-	-	**0.16**
Advances	66.57	2.04	-	309.78	-	**378.39**
Investment of the Bank	-	-	-	1,020.26	-	**1,020.26**
Investment of related party in the Bank	169.76	0.10	-	-	-	**169.86**
Non-funded commitments	3.09	-	-	4.35	-	**7.44**
Call borrowing	-	-	-	143.99	-	**143.99**
Call lending	-	-	-	12.65	-	**12.65**
Swaps/Forward contracts	-	-	-	161.62	-	**161.62**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	3,817.30	-	-	-	-	**3,817.30**
Other receivables (net)	-	-	-	77.52	-	**77.52**
Other payables (net)	-	-	-	41.15	-	**41.15**

The details of transactions of the Bank with its related parties during the year ended 31 March, 2013 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Step down Subsidiaries	Total
Dividend paid	247.25	0.02	-	-	-	**247.27**
Dividend received	-	-	-	1.50	-	**1.50**
Interest paid	768.37	0.16	0.03	13.54	1.73	**783.83**
Interest received	0.02	0.10	-	0.03	0.01	**0.16**
Investment of the Bank	-	-	-	25.00	-	**25.00**
Investment of related party in the Bank	811.47	4.60	-	-	-	**816.07**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	1,000.00	-	-	-	-	**1,000.00**
Redemption of Subordinated Debt	90.00	-	-	-	-	**90.00**
Purchase of investments	-	-	-	-	-	**-**
Sale of investments	1,442.84	-	-	-	-	**1,442.84**
Management contracts	-	4.25	-	8.91	-	**13.16**
Contribution to employee benefit fund	14.58	-	-	-	-	**14.58**
Purchase of fixed assets	-	-	-	1.17	-	**1.17**
Sale of fixed assets	-	-	-	-	-	**-**
Non-funded commitments	0.06	-	-	-	4.35	**4.41**
Call/Term borrowing	-	-	-	-	-	**-**
Call/Term lending	-	-	-	-	-	**-**
Swaps/Forward contracts	-	-	-	-	-	**-**
Advance granted (net)	-	-	-	-	-	**-**
Advance repaid	15.51	0.14	-	-	-	**15.65**
Sell down of loans and advances	-	-	-	-	-	**-**
Receiving of services	60.79	-	-	201.73	0.08	**262.60**
Rendering of services	2.07	-	-	22.97	0.09	**25.13**
Consideration received towards demerger	-	-	-	274.15	-	**274.15**
Consideration paid towards acquisition of subsidiary	-	-	-	90.40	-	**90.40**
Purchase of equity shares from related party	-	-	-	-	-	**-**
Other reimbursements from related party	-	-	-	10.13	-	**10.13**
Other reimbursements to related party	0.76	-	-	0.97	-	**1.73**

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2013 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Step down Subsidiaries	Total
Borrowings from the Bank	-	-	-	-	-	**-**
Deposits with the Bank	9,915.42	4.23	0.51	434.32	30.15	**10,384.63**
Placement of deposits	0.16	-	-	-	-	**0.16**
Advances	28.13	2.04	-	-	-	**30.17**
Investment of the Bank	-	-	-	382.44	-	**382.44**
Investment of related party in the Bank	158.52	0.08	-	-	-	**158.60**
Non-funded commitments	3.07	-	-	-	4.35	**7.42**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	3,817.30	-	-	-	-	**3,817.30**
Advance for rendering of services	-	-	-	-	-	**-**
Other receivables (net)	-	-	-	49.92*	-	**49.92**
Other payables (net)	-	-	-	23.30	-	**23.30**
Swaps/Forward contracts	-	-	-	-	-	**-**

The maximum balances payable to/receivable from the related parties of the Bank during the year ended 31 March, 2013 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Subsidiaries	Step down Subsidiaries	Total
Borrowings from the Bank	-	-	-	-	-	**-**
Deposits with the Bank	9,915.42	9.01	3.91	464.43	35.79	**10,428.56**
Placement of deposits	0.16	-	-	-	-	**0.16**
Advances	46.54	2.16	-	23.93	5.96	**78.59**
Investment of the Bank	-	-	-	382.44	-	**382.44**
Investment of related party in the Bank	158.52	0.08	-	-	-	**158.60**
Non-funded commitments	3.07	-	-	16.00	4.35	**23.42**
Call borrowing	-	-	-	-	-	**-**
Call lending	-	-	-	-	-	**-**
Swaps/Forward Contracts	-	-	-	-	-	**-**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	3,817.30	-	-	-	-	**3,817.30**
Other receivables	-	-	-	49.92	-	**49.92**
Other payables	-	-	-	35.06	-	**35.06**

The transactions with Promoters and Key Management Personnel excluding those under management contracts are in nature of the banker-customer relationship.

Details of transactions with Axis Mutual Fund and Axis Infrastructure Fund-I, the funds floated by Axis Asset Management Company Ltd. and Axis Private Equity Ltd., the Bank's subsidiaries have not been disclosed since these entities do not qualify as Related Parties as defined under the Accounting Standard 18, Related Party Disclosure, as notified under Section 211(3C) of the Companies Act, 1956 and as per RBI guidelines.

* The Bank has entered into an arrangement with Axis Asset Management Company Ltd. (Axis AMC), the Bank's subsidiary, in terms of which payment of brokerage in respect of distribution of certain schemes is scheduled over the period of the schemes. This arrangement, however, has no effect on the accounting policy of the Bank, as such brokerage income is recognised by the Bank as and when the same is due. Other receivables include such brokerage recoverable from Axis AMC as on the reporting date.

1.2.9 Leases

Disclosure in respect of assets taken on operating lease

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

(₹ in crores)

	31 March, 2014	31 March, 2013
Future lease rentals payable as at the end of the year:		
- Not later than one year	**565.48**	575.90
- Later than one year and not later than five years	**1,789.58**	1,689.30
- Later than five years	**850.00**	816.07
Total of minimum lease payments recognised in the Profit and Loss Account for the year	**634.80**	602.76
Total of future minimum sub-lease payments expected to be received under non-cancellable subleases	**-**	-
Sub-lease payments recognised in the Profit and Loss Account for the year	**0.15**	0.60

The Bank has sub-leased certain of its properties taken on lease.

There are no provisions relating to contingent rent.

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

1.2.10 Other Fixed Assets (including furniture & fixtures)

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

(₹ in crores)

Particulars	**31 March, 2014**	31 March, 2013
At cost at the beginning of the year	**457.40**	378.88
Additions during the year	**127.14**	78.73
Deductions during the year	**(1.61)**	(0.21)
Accumulated depreciation as at 31 March	**(380.25)**	(311.30)
Closing balance as at 31 March	**202.68**	146.10
Depreciation charge for the year	**69.07**	53.45

1.2.11 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, 2014	31 March, 2013
Deferred tax assets on account of provisions for loan losses	**1,197.57**	924.57
Deferred tax assets on account of amortisation of HTM investments	**191.25**	192.52
Deferred tax assets on account of provision for employee benefits	**69.37**	106.76
Deferred tax assets on account of other contingencies	**317.95**	176.43
Deferred tax assets	**1,776.14**	1,400.28
Deferred tax liabilities on account of depreciation on fixed assets	**42.59**	25.51
Deferred tax liabilities	**42.59**	25.51
Net Deferred tax assets	**1,733.55**	1,374.77

1.2.12 Employee Benefits

Provident Fund

The contribution to the employee's provident fund amounted to ₹95.40 crores (previous year ₹80.78 crores) for the year.

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. The principal assumptions used by the actuary are as under.

	31 March, 2014	31 March, 2013
Discount rate for the term of the obligation	**9.15%**	7.90%
Average historic yield on the investment portfolio	**8.88%**	9.13%
Discount rate for the remaining term to maturity of the investment portfolio	**9.03%**	7.94%
Expected investment return	**9.00%**	9.09%
Guaranteed rate of return	**8.75%**	8.50%

Superannuation

The Bank contributed ₹15.22 crores (previous year ₹14.35 crores) to the employees' superannuation plan for the year.

Leave Encashment

The actuarial liability of compensated absences of accumulated privileged and sick leaves of the employees of the Bank is given below:

(₹ in crores)

	31 March, 2014	31 March, 2013
Privileged leave	**179.10**	313.92
Sick leave	**-**	22.80
Total actuarial liability	**179.10**	336.72
Total Expense included in Schedule 16(I)	**(114.72)**	96.46
Assumptions		
Discount rate	**9.15% p.a.**	7.90% p.a.
Salary escalation rate	**7.00% p.a.**	7.00% p.a.

Gratuity

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 Gratuity benefit plan.

Profit and Loss Account

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

(₹ *in crores)*

	31 March, 2014	31 March, 2013
Current Service Cost	**23.19**	16.98
Interest on Defined Benefit Obligation	**12.01**	8.70
Expected Return on Plan Assets	**(10.68)**	(7.25)
Net Actuarial Losses/(Gains) recognised in the year	**(10.53)**	16.80
Past Service Cost	**-**	5.50
Total included in "Employee Benefit Expense"	**13.99**	40.73
Actual Return on Plan Assets	**13.01**	9.32

Balance Sheet

Details of provision for gratuity

(₹ *in crores)*

	31 March, 2014	31 March, 2013
Fair Value of Plan Assets	**163.35**	146.22
Present Value of Funded Obligations	**(157.72)**	(137.60)
Net Asset	**5.63**	8.62
Amounts in Balance Sheet		
Liabilities	**-**	-
Assets	**5.63**	8.62
Net Asset (included under Schedule 11 – Other Assets)	**5.63**	8.62

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

(₹ *in crores)*

	31 March, 2014	31 March, 2013
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	**137.60**	93.40
Current Service Cost	**23.19**	16.98
Interest Cost	**12.01**	8.70
Actuarial Losses/(Gains)	**(8.20)**	18.87
Past service cost	**-**	5.50
Benefits Paid	**(6.88)**	(5.85)
Closing Defined Benefit Obligation	**157.72**	137.60

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

(₹ *in crores)*

	31 March, 2014	31 March, 2013
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	**146.22**	97.91
Expected Return on Plan Assets	**10.68**	7.25
Actuarial Gains/(Losses)	**2.33**	2.07
Contributions by Employer	**11.00**	44.84
Benefits Paid	**(6.88)**	(5.85)
Closing Fair Value of Plan Assets	**163.35**	146.22

Experience adjustments

(₹ in crores)

	31 March, 2014	31 March, 2013	31 March, 2012	31 March, 2011	31 March, 2010
Defined Benefit Obligations	**157.72**	137.60	93.40	60.65	42.56
Plan Assets	**163.35**	146.22	97.91	63.43	43.97
Surplus/(Deficit)	**5.63**	8.62	4.51	2.78	1.41
Experience Adjustments on Plan Liabilities	**7.67**	4.58	27.08	1.40	1.16
Experience Adjustments on Plan Assets	**2.33**	2.07	0.48	(0.78)	0.46

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

	31 March, 2014 %	31 March, 2013 %
Government securities	**41.24**	40.87
Bonds, debentures and other fixed income instruments	**48.22**	38.48
Money market instruments	**7.85**	18.45
Equity shares	**2.34**	2.20
Others	**0.35**	-

	31 March, 2014	31 March, 2013
Principal actuarial assumptions at the Balance Sheet date:		
Discount Rate	**9.15% p.a.**	7.90% 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%**	20.14%
- 31 to 44 (age in years)	**8.00%**	10.00%
- 45 to 59 (age in years)	**4.00%**	1.00%

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

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

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

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

1.2.13 Provisions and contingencies

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

(₹ in crores)

	31 March, 2014	31 March, 2013
Opening balance at the beginning of the year	**13.97**	17.35
Additions during the year	**1.00**	4.57
Reductions on account of payments during the year	**(0.41)**	(5.57)
Reductions on account of reversals during the year	**(0.50)**	(2.38)
Closing balance at the end of the year	**14.06**	13.97

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

(₹ in crores)

	31 March, 2014	31 March, 2013
Opening provision at the beginning of the year	**67.89**	43.28
Provision made during the year	**22.88**	28.03
Reductions during the year	**(5.46)**	(3.42)
Closing provision at the end of the year	**85.31**	67.89

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

(₹ in crores)

	31 March, 2014	31 March, 2013
Opening provision at the beginning of the year	**396.46**	15.38
Provision made during the year	**785.93**	561.65
Reductions during the year	**(360.78)**	(180.57)
Closing provision at the end of the year	**821.61**	396.46

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

1.2.14 Unclaimed Shares:

Details of unclaimed shares as of 31 March, 2014 and 31 March, 2013 are as follows:

	31 March, 2014	31 March, 2013
Aggregate number of shareholders at the beginning of the year	**29**	29
Total outstanding shares in Unclaimed Suspense Account at the beginning of the year	**3,600**	3,600
Number of shareholders who approached to issuer for transfer of shares from Unclaimed Suspense Account during the year	**-**	-
Number of shareholders to whom shares were transferred from Unclaimed Suspense Account during the year	**-**	-
Aggregate number of shareholders at the end of the year	**29**	29
Total outstanding shares in Unclaimed Suspense Account at the end of the year	**3,600**	3,600

1.2.15 Small and Micro Industries

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.

1.2.16 Description of contingent liabilities:

a) Claims against the Bank not acknowledged as debts

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

b) Liability on account of forward exchange and derivative contracts

The Bank enters into foreign exchange contracts, currency options/swaps, interest rate/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

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

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

For Axis Bank Ltd.

Shikha Sharma
Managing Director & CEO

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Samir K. Barua
Director

Somnath Sengupta
Executive Director &
Head (Corporate Centre)

V. Srinivasan
Executive Director &
Head (Corporate Banking)

Sanjeev Kapoor
Company Secretary

Sanjeev K. Gupta
President & CFO

Date : 25 April, 2014
Place: Mumbai

AUDITORS' CERTIFICATE

TO THE MEMBERS OF
AXIS BANK LIMITED

We have examined the compliance of conditions of corporate governance by **AXIS BANK LIMITED** ("the Bank") for the year ended 31st March, 2014, as stipulated in clause 49 of the Listing Agreement of the said Bank with the stock exchanges.

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

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

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

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117365W)

Z. F. Billimoria
Partner
(Membership No.42791)

Date : 26th April, 2014
Place: Mumbai

CORPORATE GOVERNANCE

(Forming Part of the Directors' Report for the year ended 31st March 2014)

1. Philosophy on Code of Governance

The Bank's policy on Corporate Governance has been:

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

II. To institutionalise accountability, transparency and equality of treatment for all stakeholders, as central tenets of good corporate governance and to articulate this approach in the day-to-day functioning of the Bank and in dealing with all the stakeholders of the Bank.

2. Board of Directors

The composition of the Board of Directors of the Bank is governed by the Companies Act, 1956, the Banking Regulation Act, 1949 and Clause 49 of the Listing Agreement. The Bank's Board comprises a combination of executive and non-executive Directors. The Board presently consists of 14 Directors and its mix provides a combination of professionalism, knowledge and experience required in the banking business. There are 7 Independent Directors constituting one-half of the Board's membership with Shri S. B. Mathur designated as the Lead Independent Director. The Board is responsible for the management of the Bank's business. The functions, responsibilities, role and accountability of the Board are well defined. In addition to monitoring corporate performance, the Board also carries out functions such as taking care of all the statutory agenda, approving the Business Plan and all major policies, reviewing and approving the annual budgets, borrowing limits and fixing exposure limits. It ensures that the Bank keeps shareholders informed about plans, strategies and performance. The detailed reports of the Bank's performance are periodically placed before the Board.

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

Sanjiv Misra	Chairman Promoter – Nominee of SUUTI
Shikha Sharma	Managing Director & CEO
K. N. Prithviraj	Promoter – Nominee of SUUTI
V. R. Kaundinya	Independent
S. B. Mathur	Independent
Prasad R. Menon	Independent
R. N. Bhattacharyya	Promoter – Nominee of SUUTI
Samir K. Barua	Independent
Som Mittal	Independent
Ireena Vittal	Independent
Rohit Bhagat	Independent
Usha Sangwan	Promoter - Nominee of LIC
Somnath Sengupta	Executive Director and Head (Corporate Centre)
V. Srinivasan	Executive Director and Head (Corporate Banking)

Dr. Sanjiv Misra (Chairman), Smt. Shikha Sharma, Shri V. R. Kaundinya, Shri S. B. Mathur, Shri Prasad R. Menon, Shri R. N. Bhattacharyya, Prof. Samir K. Barua, Smt. Ireena Vittal, Shri Rohit Bhagat, Shri Somnath Sengupta and Shri V. Srinivasan attended the last Annual General Meeting held on 19th July 2013 at Ahmedabad.

In all, 6 meetings of the Board were held during the year on 24th April 2013, 25th April 2013, 18th July 2013, 17th October 2013, 18th October 2013 and 16th January 2014.

Dr. Sanjiv Misra, Smt. Shikha Sharma, Shri V. R. Kaundinya, Shri S. B. Mathur, Shri Prasad R. Menon, Shri R. N. Bhattacharyya, Prof. Samir K. Barua, Shri Rohit Bhagat, Shri Somnath Sengupta and Shri V. Srinivasan attended all the six meetings. Shri K. N. Prithviraj and Smt. Ireena Vittal attended five meetings, Shri Som Mittal attended four meetings and Smt. Usha Sangwan attended all the three meetings for which she was eligible. Shri A. K. Dasgupta attended two meetings for which he was eligible.

The details of directorship, membership and chairmanship in other companies for each director of the Bank are as follows:

Name of Director	Number of Other directorship		Number of Committee memberships in other companies[2]
	of other Indian Public Limited Companies	of other Companies[1]	
Sanjiv Misra	3	-	2(1)
Shikha Sharma	2	1	-
K. N. Prithviraj	4	4	3
V. R. Kaundinya	1	1	-
S. B. Mathur	12	3	7(3)
Prasad R. Menon	7	2	4(1)
R. N. Bhattacharyya	-	-	-
Samir K. Barua	4	-	4(1)
Som Mittal	-	3	-
Ireena Vittal	6	-	-
Rohit Bhagat	-	-	-
Usha Sangwan	1	2	-
Somnath Sengupta	-	1	-
V. Srinivasan	4	2	3(1)

[1] Includes foreign companies and private limited companies, Section 25 companies in India

[2] Includes only memberships of Audit Committee, Investor's Grievance Committee of all Public Limited companies

Figures in brackets indicate number of Committee Chairmanships as per Clause 49 of the Listing Agreement.

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

a) Committee of Directors

The Committee of Directors exercises powers delegated to it by the Board relating to loans, credit policy, credit portfolio, monitoring of exposures (both credit and investment), expenditures, investment, branch expansion, compliance with the statutory and regulatory framework, proposals relating to the Bank's operations covering all departments and business segments and important issues relating to day to day affairs/problems and to take such steps as may be deemed necessary for the smooth functioning of the Bank.

The Committee of Directors also exercises functions relating to all routine matters other than the strategic matters and review of policies other than strategic policies, like Credit Policy, Investment Policy and other policies which the Committee of Directors may consider necessary or Reserve Bank of India (RBI) may specifically require to be reviewed by the Board.

9 meetings of the Committee of Directors were held during the year on 20th May 2013, 29th July 2013, 3rd September 2013, 25th October 2013, 25th November 2013, 20th December 2013, 30th January 2014, 26th February 2014 and 19th March 2014. The composition and details of meetings attended by the directors are as follows:

Name of Director	No. of Meetings Attended
K. N. Prithviraj – Chairman	7
Shikha Sharma	6
S. B. Mathur	8
Prasad R. Menon	6
R. N. Bhattacharyya	8
Somnath Sengupta	8
V. Srinivasan	9

b) Audit Committee

The Audit Committee of the Board of Directors functions with the following main objectives:

i. To provide direction and to oversee the operation of the audit function.

ii. To review the internal audit system with special emphasis on its quality and effectiveness.

iii. To review internal and concurrent audit reports of large branches with a focus on all major areas of housekeeping, particularly inter-branch adjustment accounts, arrears in the balancing of the books and un-reconciled entries in inter-bank and Nostro accounts and frauds.

iv. To discuss matters related to frauds.

v. To discuss and follow up for audit issues related to Long Form Audit Report.

vi. To discuss and follow up for issues related to RBI Inspection Report(s).

vii. To review the system of appointment and remuneration of concurrent auditors and external auditors.

viii. To oversee the Bank's financial reporting process and the disclosure of its financial information, to ensure that the financial statements are correct, sufficient and credible.

ix. To recommend to the Board, the appointment, re-appointment, and if required, the replacement or removal of the Statutory Auditor and to fix their audit fees.

x. To approve payments to Statutory Auditors for any other services rendered by them.

xi. To review, with the management, the annual financial statements before submission to the Board for its approval with particular reference to:

- Matters required to be included in the Director's Responsibility Statement in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
- Changes, if any, in accounting policies & practices and reasons for the same.
- Major accounting entries involving estimates based on the exercise of judgment by the management.
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transactions.
- Qualifications in the draft audit report.

xii. To review, with the management, the quarterly financial statements before submission to the Board for its approval.

xiii. To review, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board for taking steps in the matter.

xiv. To review, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

xv. To obtain and review quarterly/half yearly reports of the Compliance Officer appointed in the Bank in terms of RBI instructions.

xvi. To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing, seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

xvii. To discuss with internal auditors any significant audit findings and follow up thereon.

xviii. To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

xix. To discuss with Statutory Auditors, before the commencement of audit, the nature and scope of audit as also conduct post-audit discussion to ascertain any area of concern.

xx. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

xxi. To review the functioning of the Whistleblower Mechanism.

xxii. To approve the appointment of the Chief Financial Officer before finalisation of the same by the management. The Audit Committee, while approving the appointment, shall assess the qualifications, experience & background etc. of the candidate; and

xxiii. Carrying out any other function as is mentioned in terms of reference of the Audit Committee.

11 meetings of the Audit Committee were held during the year on 24th April 2013, 20th May 2013, 9th July 2013, 18th July 2013, 26th August 2013, 1st October 2013, 16th October 2013, 25th November 2013, 27th December 2013, 15th January 2014 and 19th February 2014. The composition and details of meetings attended by the directors are given below:

Name of Director	No. of Meetings Attended
S. B. Mathur – Chairman	11
K. N. Prithviraj	9
V. R. Kaundinya	7
Samir K. Barua	9

c) Risk Management Committee

The Risk Management Committee of the Board of Directors functions with the following main objectives:

i. To perform the role of Risk Management in pursuance of the Risk Management Guidelines issued periodically by RBI and Board.

ii. To oversee and advise to the Board on:

- Defining risk appetite, tolerance thereof and review the same, as appropriate.
- Systems of risk management framework, internal control and compliance to identify, measure, aggregate, control and report key risks.
- Alignment of business strategy with the Board's risk appetite; and
- Maintenance and development of a supportive culture, in relation to the management of risk, appropriately embedded through procedures, training and leadership actions so that all employees are alert to the wider impact on the whole organisation of their actions and decisions.

iii. To advise the Board on all high level risk matters.

iv. To obtain regular risk management reports from management which enable the Committee to assess the risks involved in the Bank's business and how they are controlled and monitored by management, and give clear focus to current and forward-looking aspects of risk exposure.

v. To review the effectiveness of the Bank's internal control and risk management framework, in relation to its core strategic objectives and to seek such assurance as may be appropriate.

vi. To review the Asset Liability Management (ALM) of the Bank on a regular basis.

vii. To consider any major regulatory issues that may have bearing on the risks and risk appetite of the Bank.

viii. To provide to the Board with such additional assurance as it may require regarding the quality of risk information submitted to it.

ix. To decide the policy and strategy for integrated risk management containing various risk exposures of the Bank including the credit, market, liquidity, operational and reputation risk; and

x. To review risk return profile of the Bank, capital adequacy based on the risk profile of the Bank's balance sheet, Basel implementation, assessment of Pillar II risk under Internal Capital Adequacy Assessment Process (ICAAP), business continuity plan and disaster recovery plan, key risk indicators and significant risk exposures.

5 meetings of the Risk Management Committee were held during the year on 1st June 2013, 18th July 2013, 4th September 2013, 16th October 2013 and 20th March 2014. The composition and details of meetings attended by the directors are as follows:

Name of Director	No. of Meetings Attended
Samir K. Barua – Chairman	5
Sanjiv Misra	4
Shikha Sharma	5
K. N. Prithviraj	2
Ireena Vittal	5

Shri Rohit Bhagat attended one meeting as an invitee.

d) Shareholders/Investors Grievance Committee

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

5 meetings of the Shareholders/Investors Grievance Committee were held during the year on 24th April 2013, 18th July 2013, 16th September 2013, 25th November 2013 and 15th January 2014. The composition and details of meetings attended by the directors are given below:

Name of Director	No. of Meetings Attended
S. B. Mathur – Chairman	5
R. N. Bhattacharyya	5
Somnath Sengupta	4

The details of the status of the references/complaints received for the year are given in the following statement:

Status of the References/Complaints from 1st April 2013 to 31st March 2014

Sr. No.	Nature of Reference/Complaints	Received	Disposed Off	Pending
i.	Change of Address	262	262	-
ii.	Bank Mandates	18	18	-
iii.	ECS	334	334	-
iv.	Nomination	43	43	-
v.	Non-receipt of Share Certificates	17	17	-
vi.	Correction of names	10	10	-
vii.	Non-receipt of Annual Report	27	27	-
viii.	SEBI	9	9	-
ix.	NSDL/CDSL	1	1	-
x.	Stock Exchange	4	4	-
xi.	Receipt of Dividend Warrant for Revalidation	244	244	-

Sr. No.	Nature of Reference/Complaints	Received	Disposed Off	Pending
xii.	Non-receipt of Dividend	777	777	-
xiii.	Transfer of Shares	282	282	-
xiv.	Transmission & Deletion of Name	62	62	-

Shri Sanjeev Kapoor, Company Secretary, is the Compliance Officer for SEBI/Stock Exchange related issues.

e) HR and Remuneration Committee

The HR and Remuneration Committee of the Board of Directors functions with the following main objectives:

i. To review and recommend to the Board for approval the overall remuneration philosophy and policy of the Bank, including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based compensation to employees of the Bank, and any other form of compensation as may be included from time to time, keeping in mind the strategic objectives, market environment and the regulatory framework as may exist.

ii. To review and recommend for the approval of the Board, the total increase in manpower cost budget of the Bank at an aggregate level, for the next year.

iii. To review and recommend to the Board for approval the talent management and succession policy and process in the Bank for ensuring business continuity, especially at the level of MD & CEO, the other Whole Time Directors, senior managers one level below the Board and other key roles.

iv. To review organisation health through feedback from employee surveys conducted on a regular basis.

v. To review the Code of Conduct and HR strategy, policy and performance appraisal process within the Bank, as well as any fundamental changes in organization structure which could have wide ranging or high risk implications.

vi. To review and recommend to the Board for approval of the creation of new positions one level below MD & CEO.

vii. To review appointments, promotions and exits of senior managers one level below the MD & CEO.

viii. To set the goals, objectives and performance benchmarks for the Bank and for MD & CEO, the other Whole Time Directors for the financial year and over the medium to long term.

ix. To review the performance of the MD & CEO and other Whole Time Directors at the end of each year.

x. To recommend to the Board the remuneration package for the MD & CEO, the other Whole Time Directors and senior managers one level below the Board.

xi. To recommend to the Board the compensation payable to the Chairman of the Bank.

5 meetings of HR and Remuneration Committee were held during the year on 4th April 2013, 22nd April 2013, 19th July 2013, 17th October 2013 and 16th January 2014. The composition and details of the meetings attended by the directors are given below:

Name of Director	No. of Meetings Attended
Prasad R. Menon - Chairman	5
K. N. Prithviraj	4
V. R. Kaundinya	5
Samir K. Barua	5

Disclosure in terms of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Bank takes all necessary measures to ensure a harassment-free workplace and has instituted an Internal Complaints Committee for redressal of complaints and to prevent sexual harassment. During the year, the Bank has received 14 complaints relating to sexual harassment of which 9 complaints have been disposed off and the remaining 5 complaints are being investigated.

Remuneration Policy

The compensation philosophy of the Bank aims to attract, retain and motivate professionals in order to enable the Bank to attain its strategic objectives and develop a strong performance culture in the competitive environment in which it operates. To achieve this, the Bank follows the principles of competitiveness in the talent market, pay for job through fixed pay, pay for performance to drive meritocracy through variable pay, employee stock options for long-term value creation and aligning the benefits and perquisites with market practices and affordability. The compensation structure for the Managing Director & CEO, Whole-Time Directors (WTDs) and employees at the level of Vice President and above in Risk Control and Compliance functions, is aligned to RBI's guidelines for sound compensation practices. It addresses the general principles of effective and independent governance and monitoring of compensation, alignment of compensation with prudence in risk-taking through well designed and consistent compensation structures and clear and timely disclosure for facilitating supervisory oversight by all stakeholders.

Remuneration of Directors

i. Dr. Sanjiv Misra was appointed as Non-Executive Chairman of the Bank for a period of three years w.e.f. 8th March 2013. The details of remuneration of Dr. Sanjiv Misra during the year under review are:

   Salary of ₹15 lacs per annum. The Bank has received approval of RBI, shareholders and of the Central Government under the provisions of Section 309(4) of the Companies Act, 1956 for payment of salary to Dr. Sanjiv Misra.

   Expenses for maintenance of office ₹1,25,000 per month. Approvals of the Board, RBI, the shareholders and the Central Government have been obtained for the same.

ii. Smt. Shikha Sharma was re-appointed as the Managing Director & CEO of the Bank for a period of three years w.e.f. 1st June 2012. The details of remuneration paid to Smt. Shikha Sharma during the year under review are given below in sub-para vi.

   Smt. Shikha Sharma was granted 8,75,000 options in total under various tranches under the Employee Stock Option Plan. From these tranches, 4,55,000 options were vested out of which 1,07,500 options were exercised up to 31st March 2014 and 3,47,500 options were unexercised. 4,20,000 options were unvested as on 31st March 2014.

iii. Shri Somnath Sengupta was appointed as the Executive Director of the Bank and he took charge with effect from 15th October 2012. The term of Shri Somnath Sengupta is up to 31st May 2015, the last day of the month in which he reaches the age of superannuation. The details of remuneration paid to Shri Somnath Sengupta during the year under review are given below in sub-para vi.

   Shri Somnath Sengupta was granted 5,03,880 options in total under various tranches under the Employee Stock Option Plan. From these tranches, 3,10,380 options were vested out of which 1,49,604 options were exercised up to 31st March 2014 and 1,60,776 options were unexercised. 1,93,500 options were unvested as on 31st March 2014.

iv. Shri V. Srinivasan was appointed as the Executive Director of the Bank and he took charge with effect from 15th October 2012. The term of Shri V. Srinivasan is for a period of three years i.e. up to 14th October 2015. The details of remuneration paid to Shri V. Srinivasan during the year under review are given below in sub-para vi.

   Shri V. Srinivasan was granted 3,90,000 options in total under various tranches under the Employee Stock Option Plan. From these tranches, 1,96,500 options were vested out of which 43,500 options were exercised up to 31st March 2014 and 1,53,000 options were unexercised. 1,93,500 options were unvested as on 31st March 2014.

v. The Bank does not grant ESOPs to Non-Executive Directors.

vi. The details of remuneration paid to the Whole-time Directors during 2013-14 are as under:

(In ₹)

	Smt. Shikha Sharma	Shri Somnath Sengupta	Shri V. Srinivasan
For the Period	1.4.2013 to 31.3.2014	1.4.2013 to 31.3.2014	1.4.2013 to 31.3.2014
Salary (Basic)	2,12,40,000	1,24,48,600	1,35,33,550
Leave Fare Concession facility	13,90,410	5,41,664	5,41,664
House Rent Allowance	64,48,000	Bank's accommodation	Bank's accommodation
Variable pay	84,35,483	57,82,400	53,98,724
Medical	24,532	39,017	1,02,692
Utility Reimbursement	-	68,717	46,267
Provident Fund	12% of basic pay with equal contribution by the Bank or as may be decided upon by the Board/Trustees from time to time	12% of basic pay with equal contribution by the Bank or as may be decided upon by the Board/Trustees from time to time	12% of basic pay with equal contribution by the Bank or as may be decided upon by the Board/Trustees from time to time
Gratuity	One month's salary for each completed year of service or part thereof	One month's salary for each completed year of service or part thereof (on pro-rata basis)	One month's salary for each completed year of service or part thereof (on pro-rata basis)
Superannuation Allowance	10% of Basic Pay p.a.	10% of Basic Pay p.a.	10% of Basic Pay p.a.

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

vii. All Directors of the Bank, except for Smt. Shikha Sharma, Shri Somnath Sengupta and Shri V. Srinivasan were paid sitting fees of ₹20,000 for every meeting of the Board and also for every meeting of the committee attended by them. During the year, sitting fees of ₹41,40,000 was paid to the directors of the Bank.

Sitting Fees

The details of sitting fees paid to the directors during 2013-14 are as follows:

Sr. No.	Name of Director	Sitting Fees (₹)
i.	Dr. Sanjiv Misra	2,40,000
ii.	Shri K. N. Prithviraj	5,40,000
iii.	Shri V. R. Kaundinya	4,60,000
iv.	Shri S. B. Mathur	6,60,000
v.	Shri Prasad R. Menon	4,40,000
vi.	Shri R. N. Bhattacharyya	4,20,000
vii.	Prof. Samir K. Barua	6,80,000
viii.	Shri Som Mittal	1,60,000
ix.	Smt. Ireena Vittal	3,00,000
x.	Shri Rohit Bhagat	1,40,000
xi.	Smt. Usha Sangwan	60,000
xii.	Shri A. K. Dasgupta	40,000
	TOTAL	**41,40,000**

None of the non-whole time Directors hold any equity shares of the Bank as on 31st March 2014 except Shri V. R. Kaundinya, who holds 1,000 equity shares.

f) Nomination Committee

The Nomination Committee of the Board of Directors functions with the following main objectives:

i. To undertake a process of due diligence to determine the suitability of any person for appointment/ continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria.

ii. To examine the vacancies that will come up at the Board on account of retirement or otherwise.

iii. To evaluate the skills that exist, and those that are absent but needed at the Board level, and search for appropriate candidates who have the profile to provide such skill sets.

iv. To create a recommendatory list of Directors for deliberation and decision-making at the Board-level; and

v. To review the composition of Committees of the Board, and identify and recommend to the Board, the Directors who can best serve as members of each Board Committee.

2 meetings of Nomination Committee were held during the year on 22nd April 2013 and 16th October 2013. The composition and details of meetings attended by the directors are as follows:

Name of Director	No. of Meetings Attended
S. B. Mathur – Chairman	2
V. R. Kaundinya	2
Samir K. Barua	2

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

The major functions of the Special Committee are to monitor and review all the frauds of ₹1 crore and above, so as to:

i. Identify the systemic lacunae, if any, which facilitated perpetration of the fraud and put in place measures to plug the same.

ii. Identify the reasons for delay, if any, in detection and reporting to top management of the Bank and RBI.

iii. Monitor progress of CBI/Police investigation and recovery position.

iv. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff related action, if required, is completed quickly without loss of time.

v. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as, strengthening of internal controls; and

vi. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

3 meetings of Special Committee of the Board of Directors for Monitoring of Large Value Frauds were held during the year on 9th July 2013, 25th November 2013 and 20th March 2014. The composition and details of the meetings attended by the directors are given below:

Name of Director	No. of Meetings Attended
Shikha Sharma – Chairperson	3
V. R. Kaundinya	3
R. N. Bhattacharyya	2
Samir K. Barua	3

h) Customer Service Committee

The Customer Service Committee of the Board of Directors functions with the following main objectives:

i. Overseeing the functioning of the Bank's internal committee set-up for customer service.

ii. To review the level of customer service in the Bank including customer complaints and the nature of their resolution.

iii. Provide guidance in improving the customer service level.

iv. Review any award by the Banking Ombudsman to any customer on a complaint filed with the Ombudsman.

v. To ensure that the Bank provides and continues to provide, best-in-class service across all its category of customers which will help the Bank in protecting and growing its brand equity.

vi. The Committee could address the formulation of a Comprehensive Deposit Policy, incorporating the issues such as the treatment of death of a depositor for operations of his/her account, the product approval process, the annual survey of depositor satisfaction and the triennial audit of such services.

vii. To examine any other issues having a bearing on the quality of customer service rendered; and

viii. To ensure implementation of directives received from RBI with respect to rendering services to customers of the Bank.

4 meetings of the Customer Service Committee were held during the year on 1st June 2013, 4th September 2013, 13th December 2013 and 20th March 2014. The composition and the details of the meetings attended by the directors are given below:

Name of Director	No. of Meetings Attended
Ireena Vittal – Chairperson	4
Sanjiv Misra	2
Shikha Sharma	3
Samir K. Barua	4

i) Committee of Whole-Time Directors

The Committee of Whole-time Directors exercises powers delegated to it by the Board, for managing the affairs of the Bank, for review and efficient control of various operational areas such as treasury, branch banking etc., and for ensuring speedy disposal of matters requiring immediate approval.

The Committee consists of all Whole-time Directors of the Bank.

j) Acquisitions, Divestments and Mergers Committee

The main function of the Committee is to discuss and consider any idea or proposal for merger and acquisition. This Committee will consider and give its in-principle approval in the matter and the proposal will then be placed before the Board of Directors for its final decision.

One meeting of Acquisitions, Divestments and Mergers Committee was held during the year on 1st June 2013. The composition and the details of meeting attended by the directors are as follows:

Name of Director	No. of Meetings Attended
Prasad R. Menon – Chairman	1
Shikha Sharma	1
K. N. Prithviraj	0
S. B. Mathur	1
Ireena Vittal	1

k) IT Strategy Committee

The IT Strategy Committee functions with the following main objectives:

i. Approving IT strategy and policies.

ii. Ensuring that management has an effective strategic planning process in place.

iii. Ensuring that the business strategy is aligned with the IT strategy.

iv. Ensuring that the IT organizational structure serves business requirements and direction.

v. Oversight over implementation of processes and practices that ensures IT delivers value to businesses.

vi. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing, and use of IT resources.

vii. Ensuring proper balance of IT investments for sustaining the Bank's growth.

viii. Assess exposure to IT risks and its controls, and evaluating effectiveness of management's monitoring of IT risks.

ix. Assessing management's performance in implementing IT strategies.

x. Assessing if IT architecture has been designed to derive maximum business value.

xi. Reviewing IT performance measurement and contribution to businesses; and

xii. Approving capital and revenue expenditure in respect of IT procurements.

4 meetings of IT Strategy Committee were held during the year on 26th June 2013, 20th September 2013, 27th December 2013 and 12th March 2014. The composition and the details of meetings attended by the directors are given below:

Name of Director	No. of Meetings Attended
Som Mittal – Chairman	4
Shikha Sharma	4
Prasad R. Menon	4
Somnath Sengupta	3

l) Corporate Social Responsibility Committee

The Board has constituted a Corporate Social Responsibility Committee which comprises of Shri Som Mittal, Smt. Usha Sangwan and Shri Somnath Sengupta. Shri Som Mittal, Independent Director is the Chairman of the Committee.

The Committee will be operationalised in the financial year 2014-15.

3. General Body Meetings:

The last three Annual General Meetings were held as follows:

Annual General Meeting	Date and Day	Time	Location
17th	17.6.2011 - Friday	10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015
18th	22.06.2012 - Friday	10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015
19th	19.07.2013 - Friday	10.00 a.m.	J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015

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

Annual General Meeting	Date of Annual General Meeting	Special Resolutions
17th	17.6.2011	• Resolution No. 5 - Appointment of Statutory Auditors under Section 224A of the Companies Act, 1956.
18th	22.6.2012	• Resolution No. 5 - Appointment of Statutory Auditors under Section 224A of the Companies Act, 1956.
Resolution passed through Postal Ballot	Date of Scrutinizer's Report - 28.1.2013	• Special Resolution for alteration of articles relating to increase in authorised share capital from ₹500 crores to ₹850 crores. • Special Resolution for raising of Tier I Capital.
19th	19.07.2013	• Resolution No. 6 - Appointment of Statutory Auditors under Section 224A of the Companies Act, 1956. • Resolution No. 14 – Approval of the shareholders of the Bank pursuant to Section 81 of the Companies Act, 1956 authorising the Board of Directors of the Bank to issue, offer and allot equity stock options under the Employees Stock Option Scheme of the Bank.

No resolutions were passed through postal ballot during the financial year 2013-14.

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

4. Dividend History of Last Five Years

Sr. No.	Financial Year	Rate of Dividend	Date of Declaration (AGM)	Date of Payment (Date of Dividend Warrant)
i.	2008-09	100% (₹10.00 per share)	1.6.2009	2.6.2009
ii.	2009-10	120% (₹12.00 per share)	8.6.2010	9.6.2010
iii.	2010-11	140% (₹14.00 per share)	17.6.2011	18.6.2011
iv.	2011-12	160% (₹16.00 per share)	22.6.2012	23.6.2012
v.	2012-13	180% (₹18.00 per share)	19.7.2013	20.7.2013

Unclaimed Dividends:

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

Transfer to Investor Protection Fund:

Pursuant to Section 205C of the Companies Act, 1956, dividends that are unclaimed for a period of seven years are transferred to the Investors' Education and Protection Fund administered by the Central Government. Listed in the table below are the dates of dividend declaration since 2006-07 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government.

Year	Dividend-Type	Date of Declaration	Due Date of Transfer
2006-07	Final	1.6.2007	1.7.2014
2007-08	Final	6.6.2008	6.7.2015
2008-09	Final	1.6.2009	1.7.2016
2009-10	Final	8.6.2010	8.7.2017
2010-11	Final	17.6.2011	17.7.2018
2011-12	Final	22.6.2012	22.7.2019
2012-13	Final	19.7.2013	19.8.2020

5. Disclosures

- There were no transactions of a material nature undertaken by the Bank with its promoters, directors or the management, their subsidiaries or relatives that may have a potential conflict with the interests of the Bank.
- There are no instances of non-compliance by the Bank, penalties and strictures imposed by Stock Exchanges and SEBI/other statutory authorities on any matter related to capital markets during the last three years other than the following:

    i. During the financial year 2012-13, there were 2 instances wherein penalty of ₹150/- and ₹50/- was imposed by National Securities Depository Limited (NSDL) on the Bank for data entry errors while capturing PAN details in demat accounts in NSDL system.

    ii. The inspection of depository services (CDSL & NSDL) was conducted by Securities and Exchange Board of India (SEBI) in June, 2012. Subsequently, SEBI vide their letter dated 6th November 2012 had issued administrative warning to the Bank for delay in redressal of investor grievances and for submitting wrong information in reply to pre-inspection questionnaire.

- iii. SEBI (through its Adjudicating Officer) vide its letter reference no. EAD-5/PG/SPV/22106/2012 dated 3rd October 2012 had issued a notice to the Bank informing that the Adjudicating Officer had been appointed to inquire into and adjudge under Sections 15G and 15HB of the SEBI Act, the alleged violation of various provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, the SEBI (Merchant Bankers) Regulations, 1992, while acting as the Manager to the open offers of KSK Energy Ventures Limited and Bombay Rayon Fashions Limited. The Bank had submitted its preliminary response to the Show cause Notice on 11th January 2013, wherein it had refuted the various violation charges levelled against it. In the personal hearing held on 5th February 2013, the Bank had once again reiterated its above stand. The adjudicating officer, vide order dated 28th March 2013, indicated that no charges were established under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. No penalty was levied on the Bank.

- iv. National Securities Clearing Corporation Limited (NSCCL) had levied a penalty of ₹ 40,507.81 in September 2012 on account of short reporting of margin in currency segment of NSE.

- Whistleblower Policy: A central tenet in the Bank's Policy on Corporate Governance is commitment to ethics, integrity, accountability and transparency. To ensure that the highest standards are maintained in these aspects on an on-going basis and to provide safeguards to various stakeholders (including shareholders, depositors and employees) the Bank has formulated a 'Whistleblower Policy'. The Policy provides employees with the opportunity to address serious concerns arising from irregularities, malpractices and other misdemeanours committed by the Bank's personnel by approaching a Committee set-up for the purpose (known as the Whistleblower Committee). In case, senior management commits an offence, the Policy enables the Bank's staff to report the concerns directly to the Audit Committee of the Board. The Policy is intended to encourage employees to report suspected or actual occurrence of illegal, unethical or inappropriate actions, behaviour or practices by staff without fear of retribution. The employees use this Policy regularly as a tool to voice their concerns on irregularities, malpractices and other misdemeanours. To ensure smooth flow and management of complaints under Whistleblower policy, a new web-based application - 'Corporate Whistleblower' has been set up which also provides an option for anonymous reporting thereby enabling the employees to lodge their complaints online over a secure platform without fear of revelation of identity. This would create a business culture of honesty, integrity and compliance and would encourage employees to speak up so that preventive action is initiated. It is hereby affirmed that the Bank has not denied personal access to the Audit Committee of the Board and that the Policy contains provisions protecting Whistleblowers from unfair termination and other unfair prejudicial, and employment practice. The Audit Committee of the Board reviews, on a quarterly basis, a synopsis of the complaints received and the resolution thereof.

- The Bank has complied with the mandatory requirements regarding the Board of Directors, Audit Committee and other Board Committees and other disclosures as required under the provisions of Clause 49 of the Listing Agreement. The Bank has also complied with non-mandatory requirements like formation of HR & Remuneration Committee and Nomination Committee, the performance evaluation of all directors under 'Fit & Proper' Criteria laid down by RBI, unqualified financial statements and establishment of a Whistleblower Policy.

6. Means of Communication

- Quarterly/Half-yearly results are communicated through newspaper advertisements, press releases and by posting information on the Bank's website.
- The results are generally published in the Economic Times and Sandesh or Divya Bhaskar.
- Address of our official website is **www.axisbank.com** where the information is displayed.
- Generally, after the half-yearly and the annual results are approved by the Board, formal presentations are made to analysts by the management and the same is also placed on the Bank's website.
- The Management's Discussion and Analysis Report for the year 2013-14 is part of the Annual Report.

7. General Shareholder Information

- AGM: Date, time and venue - 27th June 2014 – 10.00 A.M.
  At J. B. Auditorium
  Ahmedabad Management Association
  AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015.

- Financial Year/Calendar - 1st April 2014 to 31st March 2015. The meetings to consider quarterly results for the quarter ending June 2014, September 2014 and December 2014 are proposed to be held during second half of July 2014, October 2014 and January 2015. The meeting to consider audited annual accounts and Q4 results is also proposed to be held during the second half of April 2015.
- Date of Book Closure - 16th June 2014 to 27th June 2014 (both days inclusive)

  The Dividend will be paid to the shareholders whose names stand on the Register of Members at the close of business hours of 14th June 2014.
- Dividend Payment Date - The despatch of the dividend warrants/ECS credit would commence on 28th June 2014 and is expected to be completed on or before 8th July 2014.

- The Bank's shares are listed on the following Stock Exchanges:
  - The BSE Limited, P. J. Towers, Dalal Street, Mumbai – 400 001.
  - The National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, "G" Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.
- The Bank's Global Depositary Receipts (GDRs) are listed and traded on the London Stock Exchange, 10 Paternoster Square, London EC4M 7LS, UK.
- Listing of equity shares/GDRs on Stock Exchanges (with stock code):

Name of Stock Exchange	Stock Code
The BSE Limited	532215
The National Stock Exchange of India Limited	AXISBANK
London Stock Exchange	AXB

The annual fees for financial year 2014-15 have been paid to all the Stock Exchanges where the shares are listed.

ISIN for equity shares : INE 238A01026

Name of Depositories : i. National Securities Depository Limited

ii. Central Depository Services (India) Limited

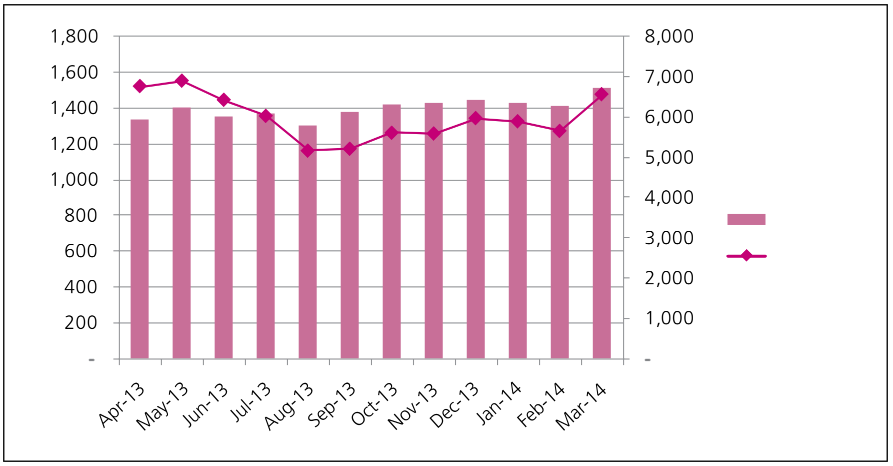
ISIN for GDRs : US05462W1099

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

MONTH	HIGH (₹)	LOW (₹)
April 2013	1,520.00	1,198.00
May 2013	1,549.90	1,411.00
June 2013	1,444.00	1,207.90
July 2013	1,354.90	1,015.55
August 2013	1,162.50	784.00
September 2013	1,172.80	763.40
October 2013	1,261.50	1,012.95
November 2013	1,257.40	1,010.55
December 2013	1,342.60	1,158.00
January 2014	1,325.00	1,105.00
February 2014	1,271.60	1,082.60
March 2014	1,475.00	1,247.60

- The Bank's share price has moved in accordance with the movement of NIFTY. It touched a high of ₹1,549.90 in May, 2013 and low of ₹763.40 in September, 2013 on the National Stock Exchange.

Performance in comparison to NIFTY



- The high and low closing prices of the Bank's GDRs traded during the last financial year on the London Stock Exchange are given below:

MONTH	HIGH (USD)	LOW (USD)
April 2013	28.18	21.66
May 2013	28.59	25.17
June 2013	26.04	20.39
July 2013	23.57	16.82
August 2013	20.50	11.72
September 2013	18.70	11.26
October 2013	20.76	16.40
November 2013	20.05	16.15
December 2013	22.78	19.00
January 2014	20.98	17.46
February 2014	20.68	17.42
March 2014	26.20	19.88

- **Registrar and Share Transfer Agents:**

  Karvy Computershare Private Limited
  Unit : Axis Bank Limited
  Plot No. 17 to 24, Vittalrao Nagar
  Madhapur, Hyderabad – 500 081
  Phone No. 040-23420815 to 23420824
  Fax No. 040-23420814
  Email: einward.ris@karvy.com
  Contact Persons: Shri V. K. Jayaraman, GM (RIS)/Ms. Varalakshmi, Sr. Manager (RIS)

- **Share Transfer System**

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

  The Bank ensures that all transfers are effected within a period of 15 days from the date of their lodgement.

The equity shares of the Bank are to be compulsorily traded in Demat form by all investors. The Bank has entered into agreements with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) so as to provide the members an opportunity to hold and trade shares of the Bank in electronic form.

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

	2011-12	2012-13	2013-14
Number of transfer deeds	421	324	282
Number of shares transferred	32,601	18,100	15,78,100

As required under Clause 47(c) of the listing agreement, a practicing Company Secretary has examined the records relating to share transfer deeds, memorandum of transfers, registers, files and other related documents on a half-yearly basis and has certified compliance with the provisions of the above clause of the listing agreement. The certificates are forwarded to BSE and NSE where the Bank's equity shares are listed and also placed before the Shareholders/Investors Grievance Committee.

As required by SEBI, a Share Capital Audit is conducted on a quarterly basis by a practicing Company Secretary, for the purpose of, *inter alia*, reconciliation of the total admitted equity share capital with the depositories and in the physical form with the total issued/paid-up equity capital of Axis Bank Limited. Certificates issued in this regard are placed before the Shareholders/Investors Grievance Committee and forwarded to BSE and NSE, where the equity shares of Axis Bank Limited are listed.

Shareholders of Axis Bank with more than one per cent holding at 31st March 2014

Name of Shareholder	No. of Shares	% to total No. of shares
Life Insurance Corporation of India and its group entities*	6,44,60,459	13.72%
Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI)	5,49,68,181	11.70%
Europacific Growth Fund	2,32,24,864	4.94%
The Bank of New York Mellon (Depositary for GDR holders)	1,53,13,779	3.26%
Centaura Investments (Mauritius) Pte Ltd	1,07,18,746	2.28%
ICICI Prudential Life Insurance Company Limited	92,75,662	1.97%
Genesis Indian Investment Company Limited - General Sub Fund	85,42,861	1.82%
General Insurance Corporation of India	82,53,099	1.76%
Lazard Asset Management LLC A/C Lazard Emerging Markets Portfolio	67,29,792	1.43%
New World Fund Inc	66,22,628	1.41%
Government Pension Fund Global	66,06,578	1.41%
American Funds Insurance Series International Fund	63,27,134	1.35%
Citigroup Global Markets Mauritius Private Limited	55,06,310	1.17%
The New India Assurance Company Limited	54,89,180	1.17%
Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Fund	50,99,370	1.09%

* Includes 6,39,78,711 equity shares, equivalent to 13.62% of the total paid-up capital of the Bank, held by LIC.

- **Distribution of shareholding as on 31st March 2014**

Total nominal value ₹	:	469,84,45,530
Nominal value of each equity share ₹	:	10
Total number of equity shares	:	46,98,44,553
Distinctive numbers	:	1 to 46,98,44,553

Shareholding of Nominal Value		Shareholders		Share Amount Nominal Value	
₹	₹	Numbers	% to total Shareholders	In ₹	% to total Capital
Up to	5,000	1,41,355	95.24	9,55,07,780	2.04
5,001	10,000	3,488	2.35	2,55,54,170	0.54
10,001	20,000	1,396	0.94	2,04,21,750	0.43
20,001	30,000	464	0.31	1,15,31,210	0.25
30,001	40,000	236	0.16	82,54,310	0.18
40,001	50,000	170	0.11	77,50,880	0.16
50,001	100,000	342	0.23	2,44,25,060	0.52
100,001	Above	984	0.66	4,50,50,00,370	95.88
Total		**1,48,435**	**100.00**	**4,69,84,45,530**	**100.00**

As on 31st March 2014, out of total equity shares of the Bank, 46,61,30,513 shares representing 99.21% of the total shares have been dematerialised.

- The Bank has issued in the course of international offerings to investors overseas, securities linked to ordinary shares in the form of Global Depositary Receipts (GDRs) during March/April 2005, July 2007 and September 2009 and the GDRs have been listed and traded on the London Stock Exchange. The Bank has simultaneously issued the underlying shares to the Global Depositary Receipts (GDRs) to the investors overseas. The underlying equity shares have been listed and permitted to be traded on the NSE and BSE. The number of outstanding GDRs as on 31st March 2014 were 1,53,13,779.
- Apart from the above, the Bank has not issued any ADRs/Warrants or any other convertible instruments.
- Address for Correspondence:

The Company Secretary
Axis Bank Limited
Registered Office
'Trishul', 3rd Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad - 380 006.
CIN : L65110GJ1993PLC020769
Tel. No. : 079-2640 9322 Fax No. : 079-2640 9321
Email: shareholders@axisbank.com
Website: www.axisbank.com

Name and contact details of the Trustees appointed by the Bank for Debentures.
IDBI Trusteeship Services Limited
Registered Office
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai – 400001.
Phone No. 022-4080 7000

Compliance with the Code of Conduct - FY 2013-14

I confirm that for the year under review all Directors and members of the Senior Management have affirmed compliance with the Code of Conduct of the Bank.

Shikha Sharma
Managing Director & CEO

26th April 2014

AXIS BANK LIMITED GROUP - AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
OF AXIS BANK LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **AXIS BANK LIMITED** ("the Bank"), its subsidiaries (the Bank and its subsidiaries constitute "the group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Bank's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Bank's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements/financial information of the subsidiaries referred to below in the Other Matters paragraphs, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March, 2014;

(b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and

(c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

We did not audit the financial statements of 9 subsidiaries, whose financial statements reflect total assets (net) of ₹4,436.72 crores as at 31st March, 2014, total revenues of ₹492.36 crores and net cash flows amounting to ₹278.50 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

The consolidated financial statements also include the Group's share of net profit of ₹1.36 crores for the year ended 31st March, 2014, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited.

Our report is not qualified in respect of these matters.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117365W)

Z. F. Billimoria
Partner
(Membership No. 42791)

Date : 25th April, 2014
Place: Mumbai

AXIS BANK LIMITED GROUP - BALANCE SHEET

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2014

	Schedule No.	**As at 31-03-2014 (₹ in Thousands)**	As at 31-03-2013 (₹ in Thousands)
CAPITAL AND LIABILITIES			
Capital	1	**4,698,446**	4,679,545
Reserves & Surplus	2	**379,262,043**	326,904,199
Minority Interest	2A	**129,421**	125,337
Deposits	3	**2,805,410,738**	2,521,491,177
Borrowings	4	**527,392,236**	441,050,984
Other Liabilities and Provisions	5	**146,607,709**	111,326,074
TOTAL		**3,863,500,593**	3,405,577,316
ASSETS			
Cash and Balances with Reserve Bank of India	6	**170,413,647**	147,921,100
Balances with Banks and Money at Call and Short Notice	7	**115,407,921**	57,078,130
Investments	8	**1,130,927,767**	1,133,780,559
Advances	9	**2,323,817,273**	1,969,901,405
Fixed Assets	10	**24,472,596**	23,873,291
Other Assets	11	**98,461,389**	73,022,831
TOTAL		**3,863,500,593**	3,405,577,316
Contingent Liabilities	12	**5,748,541,620**	5,481,234,674
Bills for Collection		**366,015,787**	278,948,780
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 Deloitte Haskins & Sells
Chartered Accountants

Shikha Sharma
Managing Director & CEO

Z. F. Billimoria
Partner

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Samir K. Barua
Director

Somnath Sengupta
Executive Director &
Head (Corporate Centre)

V. Srinivasan
Executive Director &
Head (Corporate Banking)

Sanjeev Kapoor
Company Secretary

Sanjeev K. Gupta
President & CFO

Date : 25 April, 2014
Place: Mumbai

AXIS BANK LIMITED GROUP - PROFIT & LOSS ACCOUNT

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2014

		Schedule No.	Year ended 31-03-2014 (₹ in Thousands)	Year ended 31-03-2013 (₹ in Thousands)
I	**INCOME**			
	Interest earned	13	**307,359,589**	272,019,752
	Other income	14	**77,662,500**	68,328,045
	TOTAL		**385,022,089**	340,347,797
II	**EXPENDITURE**			
	Interest expended	15	**187,029,665**	175,133,879
	Operating expenses	16	**82,095,228**	71,405,164
	Provisions and contingencies	18 (1.1.1)	**52,805,544**	41,470,830
	TOTAL		**321,930,437**	288,009,873
III	**NET PROFIT FOR THE YEAR**		**63,091,652**	52,337,924
	Minority interest		**(4,084)**	(2,473)
	Share in Profit/(Loss) of Associate		**13,594**	12,193
IV	**CONSOLIDATED NET PROFIT ATTRIBUTABLE TO GROUP**		**63,101,162**	52,347,644
	Balance in Profit & Loss Account brought forward from previous year		**100,454,029**	72,004,480
	Profit of business acquired under demerger		**-**	1,123,298
V	**AMOUNT AVAILABLE FOR APPROPRIATION**		**163,555,191**	125,475,422
VI	**APPROPRIATIONS:**			
	Transfer to Statutory Reserve		**15,544,167**	12,948,583
	Transfer to Reserve Fund u/s 45 IC of RBI Act, 1934		**67,000**	81,100
	Transfer to Investment Reserve		**500,289**	534,571
	Transfer to Capital Reserve		**388,664**	1,414,579
	Transfer to General Reserve		**17,797**	141,678
	Transfer to Reserve Fund		**10,465**	26,084
	Proposed dividend (includes tax on dividend)	18 (1.1.6)	**11,014,430**	9,874,798
	Balance in Profit & Loss Account carried forward		**136,012,379**	100,454,029
	TOTAL		**163,555,191**	125,475,422
VII	**EARNINGS PER EQUITY SHARE**	18 (1.1.4)		
	(Face value ₹10/- per share) (Rupees)			
	Basic		**134.53**	120.95
	Diluted		**134.20**	120.12
	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 Deloitte Haskins & Sells
Chartered Accountants

Shikha Sharma
Managing Director & CEO

Z. F. Billimoria
Partner

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Samir K. Barua
Director

Somnath Sengupta
Executive Director &
Head (Corporate Centre)

V. Srinivasan
Executive Director &
Head (Corporate Banking)

Sanjeev Kapoor
Company Secretary

Sanjeev K. Gupta
President & CFO

Date : 25 April, 2014
Place: Mumbai

AXIS BANK LIMITED GROUP - CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

	Year ended 31-03-2014 (₹ in Thousands)	Year ended 31-03-2013 (₹ in Thousands)
Cash flow from operating activities		
Net profit before taxes	**94,790,061**	76,243,422
Adjustments for:		
Depreciation on fixed assets	**3,754,553**	3,587,667
Depreciation on investments	**(1,002,934)**	(982,186)
Amortisation of premium on Held to Maturity investments	**773,624**	674,599
Provision for Non Performing Assets (including bad debts)	**12,959,797**	11,791,902
Provision on standard assets	**2,930,732**	1,966,379
Provision for wealth tax	**4,200**	3,800
(Profit)/loss on sale of fixed assets (net)	**147,378**	44,308
Provision for country risk	**-**	(96,300)
Provision for restructured assets	**1,947,624**	1,039,492
Provision for other contingencies	**4,263,632**	3,839,773
	120,568,667	98,112,856
Adjustments for:		
(Increase)/Decrease in investments	**138,284,240**	(94,626,080)
(Increase)/Decrease in advances	**(367,794,715)**	(284,638,942)
Increase/(Decrease) in deposits	**283,919,561**	321,779,561
(Increase)/Decrease in other assets	**(22,083,749)**	(2,927,589)
Increase/(Decrease) in other liabilities & provisions	**26,803,462**	14,693,370
Direct taxes paid	**(35,061,503)**	(26,659,402)
Net cash flow from operating activities	**144,635,963**	25,733,774
Cash flow from investing activities		
Purchase of fixed assets	**(6,077,888)**	(4,838,186)
(Increase)/Decrease in Held to Maturity investments	**(136,191,642)**	(108,709,212)
Proceeds from sale of fixed assets	**1,696,430**	226,674
Net cash used in investing activities	**(140,573,100)**	(113,320,724)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

	Year ended 31-03-2014 *(₹ in Thousands)*	Year ended 31-03-2013 (₹ in Thousands)
Cash flow from financing activities		
Proceeds from issue of subordinated debt, perpetual debt & upper Tier II instruments (net of repayment)	**(1,341,919)**	19,654,731
Increase/(Decrease) in borrowings (excluding subordinated debt, perpetual debt & upper Tier II instruments)	**87,683,172**	80,679,532
Proceeds from issue of share capital	**18,901**	426,605
Proceeds from share premium (net of share issue expenses)	**1,356,819**	56,329,659
Payment of dividend	**(9,875,875)**	(7,901,877)
Increase in minority interest	**4,084**	125,337
Net cash generated from financing activities	**77,845,182**	149,313,987
Effect of exchange fluctuation translation reserve	**(1,085,707)**	1,677,300
Net cash and cash equivalents on business acquired under demerger	**-**	2,252,587
Net increase in cash and cash equivalents	**80,822,338**	65,656,924
Cash and cash equivalents at the beginning of the year	**204,999,230**	139,342,306
Cash and cash equivalents at the end of the year	**285,821,568**	204,999,230
Notes to the Cash Flow Statement:		
Cash and cash equivalents includes the following		
Cash and Balances with Reserve Bank of India (Refer Schedule 6)	**170,413,647**	147,921,100
Balances with Banks and Money at Call and Short Notice (Refer Schedule 7)	**115,407,921**	57,078,130
Cash and cash equivalents at the end of the year	**285,821,568**	204,999,230

In terms of our report attached.

For Axis Bank Ltd.

For Deloitte Haskins & Sells
Chartered Accountants

Shikha Sharma
Managing Director & CEO

Z. F. Billimoria
Partner

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Samir K. Barua
Director

Somnath Sengupta
Executive Director &
Head (Corporate Centre)

V. Srinivasan
Executive Director &
Head (Corporate Banking)

Sanjeev Kapoor
Company Secretary

Sanjeev K. Gupta
President & CFO

Date : 25 April, 2014
Place: Mumbai

AXIS BANK LIMITED GROUP - SCHEDULES

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2014

	As at 31-03-2014 (₹ in Thousands)	As at 31-03-2013 (₹ in Thousands)
SCHEDULE 1 - CAPITAL		
Authorised Capital		
850,000,000 (Previous year - 850,000,000) Equity Shares of ₹10/- each	**8,500,000**	8,500,000
Issued, Subscribed and Paid-up capital		
469,844,553 (Previous year - 467,954,468) Equity Shares of ₹10/- each fully paid-up	**4,698,446**	4,679,545
The Board of Directors have on 25 April, 2014 considered and approved the sub-division of one equity share of the Bank having a face value of ₹10 each into five equity shares of face value of ₹2 each. The sub-division of shares is subject to approval of the shareholders and any other statutory and regulatory approvals, as applicable		
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserve		
Opening Balance	**51,374,446**	38,425,863
Additions during the year	**15,544,167**	12,948,583
	66,918,613	51,374,446
II. Share Premium Account		
Opening Balance	**157,717,269**	101,387,610
Additions during the year	**1,356,819**	56,626,088
Less: Share issue expenses	**-**	(296,429)
	159,074,088	157,717,269
III. Investment Reserve Account		
Opening Balance	**534,571**	-
Additions during the year	**500,289**	534,571
	1,034,860	534,571
IV. General Reserve		
Opening Balance	**3,706,495**	3,564,817
Additions during the year	**17,797**	141,678
	3,724,292	3,706,495
V. Capital Reserve		
Opening Balance	**9,460,164**	5,424,982
Additions during the year	**388,664**	4,035,182
	9,848,828	9,460,164
VI. Foreign Currency Translation Reserve [Refer Schedule 17 (4.5)]		
Opening Balance	**3,550,041**	1,877,353
Additions/deductions during the year (net)	**(1,085,707)**	1,672,688
	2,464,334	3,550,041
VII. Reserve Fund		
Opening Balance	**26,084**	-
Additions during the year	**10,465**	26,084
	36,549	26,084
VIII. Reserve Fund u/s 45 IC of RBI Act, 1934		
Opening Balance	**81,100**	-
Additions during the year	**67,000**	81,100
	148,100	81,100
IX. Balance in Profit & Loss Account	**136,012,379**	100,454,029
TOTAL	**379,262,043**	326,904,199

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2014

				As at 31-03-2014 (₹ in Thousands)	As at 31-03-2013 (₹ in Thousands)
SCHEDULE 2A - MINORITY INTEREST					
I.	Minority Interest				
	Opening Balance			**125,337**	-
	Increase/(Decrease) during the year			**4,084**	125,337
	Closing Minority Interest			**129,421**	125,337
SCHEDULE 3 - DEPOSITS					
A.	I.	Demand Deposits			
		(i)	From banks	**32,988,192**	29,255,626
		(ii)	From others	**453,304,398**	452,753,586
	II.	Savings Bank Deposits		**777,760,612**	637,777,349
	III.	Term Deposits			
		(i)	From banks	**118,566,234**	151,218,877
		(ii)	From others	**1,422,791,302**	1,250,485,739
	TOTAL			**2,805,410,738**	2,521,491,177
B.	I.	Deposits of branches in India		**2,665,048,202**	2,382,248,378
	II.	Deposits of branches/subsidiaries outside India		**140,362,536**	139,242,799
	TOTAL			**2,805,410,738**	2,521,491,177
SCHEDULE 4 - BORROWINGS					
I.	Borrowings in India				
	(i)	Reserve Bank of India		**2,790,000**	-
	(ii)	Other banks #		**31,257,308**	22,367,200
	(iii)	Other institutions & agencies **		**160,702,121**	145,625,033
II.	Borrowings outside India $			**332,642,807**	273,058,751
	TOTAL			**527,392,236**	441,050,984
	Secured borrowings included in I & II above			**-**	-

Borrowings from other banks include Subordinated Debt of ₹407.60 crores (previous year ₹557.60 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of Nil (previous year Nil) and Upper Tier II instruments of ₹59.10 crores (previous year ₹59.10 crores) [Also refer Notes 18 (1.1.2) & 18 (1.1.3)]

** Borrowings from other institutions & agencies include Subordinated Debt of ₹9,943.20 crores (previous year ₹10,071.70 crores) in the nature of Non-Convertible Debentures, Perpetual Debt of ₹214.00 crores (previous year ₹214.00 crores) and Upper Tier II instruments of ₹248.40 crores (previous year ₹248.40 crores) [Also refer Notes 18 (1.1.2) & 18 (1.1.3)]

$ Borrowings outside India include Perpetual Debt of ₹275.61 crores (previous year ₹249.71 crores) and Upper Tier II instruments of ₹1,257.44 crores (previous year ₹1,139.03 crores) [Also refer Note 18 (1.1.3)]

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2014

		As at 31-03-2014 (₹ in Thousands)	As at 31-03-2013 (₹ in Thousands)
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I.	Bills payable	**35,778,486**	35,288,164
II.	Inter-office adjustments (net)	**-**	-
III.	Interest accrued	**11,523,939**	8,343,254
IV.	Proposed dividend (includes tax on dividend)	**10,990,706**	9,852,151
V.	Contingent provision against standard assets	**12,999,356**	9,766,994
VI.	Others (including provisions)	**75,315,222**	48,075,511
	TOTAL	**146,607,709**	111,326,074
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I.	Cash in hand (including foreign currency notes)	**41,646,894**	40,539,059
II.	Balances with Reserve Bank of India :		
	(i) in Current Account	**128,766,753**	107,382,041
	(ii) in Other Accounts	**-**	-
	TOTAL	**170,413,647**	147,921,100
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I.	In India		
	(i) Balance with Banks		
	(a) in Current Accounts	**2,258,352**	3,473,308
	(b) in Other Deposit Accounts	**10,259,234**	9,853,149
	(ii) Money at Call and Short Notice		
	(a) With banks	**-**	-
	(b) With other institutions	**6,587,734**	-
	TOTAL	**19,105,320**	13,326,457
II.	Outside India		
	(i) in Current Accounts	**14,228,168**	11,608,466
	(ii) in Other Deposit Accounts	**28,425,610**	13,474,234
	(iii) Money at Call & Short Notice	**53,648,823**	18,668,973
	TOTAL	**96,302,601**	43,751,673
	GRAND TOTAL (I+II)	**115,407,921**	57,078,130

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2014

		As at 31-03-2014 (₹ in Thousands)	As at 31-03-2013 (₹ in Thousands)
SCHEDULE 8 - INVESTMENTS			
I.	**Investments in India in -**		
	(i) Government Securities ## **	**690,967,197**	722,498,592
	(ii) Other approved securities	**-**	-
	(iii) Shares	**6,118,086**	7,549,074
	(iv) Debentures and Bonds	**237,263,911**	260,744,089
	(v) Investment in Joint Ventures $	**380,812**	367,217
	(vi) Others (Mutual Fund units, CD/CP, Priority Sector deposits, PTC etc.) @	**183,485,029**	133,809,991
	Total Investments in India	**1,118,215,035**	1,124,968,963
II.	**Investments outside India in -**		
	(i) Government Securities (including local authorities)	**5,335,986**	2,683,274
	(ii) Subsidiaries and/or joint ventures abroad [Refer Schedule 17.2b]	**29,978**	29,978
	(iii) Others	**7,346,768**	6,098,344
	Total Investments outside India	**12,712,732**	8,811,596
	GRAND TOTAL (I+II)	**1,130,927,767**	1,133,780,559

Includes securities costing ₹5,224.77 crores (previous year ₹4,766.66 crores) pledged for availment of fund transfer facility, clearing facility and margin requirements

** Inclusive of Repo Lending of ₹2,600.00 crores (previous year ₹7,350.00 crores) and net of Repo borrowing of Nil (previous year Nil) under the Liquidity Adjustment Facility in line with the RBI requirements

$ Represents investment accounted as an Associate in line with AS-23, Accounting for Investments in Associates in Consolidated Financial Statements, as notified under Section 211(3C) of the Companies Act,1956 [Refer Schedule 17.2e]

@ Includes Priority Sector deposits of ₹11,006.97 crores (previous year ₹6,980.42 crores) and PTC's of ₹2,328.21 crores (previous year ₹1,471.03 crores) net of depreciation, if any

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2014

				As at 31-03-2014 (₹ in Thousands)	As at 31-03-2013 (₹ in Thousands)
SCHEDULE 9 - ADVANCES					
A.	(i)	Bills purchased and discounted *		**32,128,953**	56,079,021
	(ii)	Cash credits, overdrafts and loans repayable on demand @		**687,817,066**	546,679,115
	(iii)	Term loans #		**1,603,871,254**	1,367,143,269
		TOTAL		**2,323,817,273**	1,969,901,405
B.	(i)	Secured by tangible assets $		**1,910,512,994**	1,613,889,953
	(ii)	Covered by Bank/Government Guarantees &&		**30,564,480**	18,089,151
	(iii)	Unsecured		**382,739,799**	337,922,301
		TOTAL		**2,323,817,273**	1,969,901,405
C.	I.	Advances in India			
		(i)	Priority Sector	**627,610,775**	484,982,533
		(ii)	Public Sector	**37,642,652**	39,189,817
		(iii)	Banks	**590,421**	449,490
		(iv)	Others	**1,286,421,107**	1,143,951,454
		TOTAL		**1,952,264,955**	1,668,573,294
	II.	Advances Outside India			
		(i)	Due from banks	**6,211,853**	10,371,975
		(ii)	Due from others -		
			(a) Bills purchased and discounted	**2,455,311**	2,687,649
			(b) Syndicated loans	**114,599,256**	109,487,196
			(c) Others	**248,285,898**	178,781,291
		TOTAL		**371,552,318**	301,328,111
		GRAND TOTAL (CI+CII)		**2,323,817,273**	1,969,901,405

* Net of borrowings under Bills Rediscounting Scheme ₹2,800.00 crores (previous year ₹1,000.00 crores)

@ Net of borrowings under Inter Bank Participation Certificate/Funded Risk Participation ₹4,129.04 crores (previous year ₹205.89 crores)

Net of borrowings under Inter Bank Participation Certificate ₹11,908.59 crores (previous year ₹10,256.09 crores)

$ Includes advances against book debts

&& Includes advances against L/Cs issued by banks

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2014

		As at 31-03-2014 (₹ in Thousands)	As at 31-03-2013 (₹ in Thousands)
SCHEDULE 10 - FIXED ASSETS			
I.	Premises		
	Gross Block		
	At cost at the beginning of the year	**9,041,075**	9,001,944
	Additions during the year	**-**	39,131
	Deductions during the year	**-**	-
	TOTAL	**9,041,075**	9,041,075
	Depreciation		
	As at the beginning of the year	**409,511**	262,236
	Charge for the year	**147,276**	147,275
	Deductions during the year	**-**	-
	Depreciation to date	**556,787**	409,511
	Net Block	**8,484,288**	8,631,564
II.	Other fixed assets (including furniture & fixtures)		
	Gross Block		
	At cost at the beginning of the year	**30,785,629**	27,125,650
	Additions on demerger	**-**	127,556
	Additions during the year	**6,485,895**	4,173,021
	Deductions during the year	**(4,091,248)**	(640,598)
	TOTAL	**33,180,276**	30,785,629
	Depreciation		
	As at the beginning of the year	**16,968,110**	13,822,155
	Additions on demerger	**-**	75,179
	Charge for the year	**3,607,277**	3,440,392
	Deductions during the year	**(2,367,218)**	(369,616)
	Depreciation to date	**18,208,169**	16,968,110
	Net Block	**14,972,107**	13,817,519
III.	CAPITAL WORK-IN-PROGRESS (including capital advances)	**1,016,201**	1,424,208
	GRAND TOTAL (I+II+III)	**24,472,596**	23,873,291
SCHEDULE 11 - OTHER ASSETS			
I.	Inter-office adjustments (net)	**-**	-
II.	Interest Accrued	**33,982,920**	27,157,882
III.	Tax paid in advance/tax deducted at source (net of provisions)	**304,981**	581,969
IV.	Stationery and stamps	**12,598**	11,221
V.	Non banking assets acquired in satisfaction of claims	**438,108**	209,600
VI.	Others #	**63,722,782**	45,062,159
	TOTAL	**98,461,389**	73,022,831

Includes deferred tax assets of ₹1,741.27 crores (previous year ₹1,378.09 crores) [Refer Schedule 18 (1.1.11)]

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2014

		As at 31-03-2014 (₹ *in Thousands*)	As at 31-03-2013 (₹ *in Thousands*)
SCHEDULE 12 - CONTINGENT LIABILITIES			
I.	Claims against the Group not acknowledged as debts	**2,394,352**	1,676,197
II.	Liability for partly paid investments	**-**	-
III.	Liability on account of outstanding forward exchange and derivative contracts :		
	(a) Forward Contracts	**2,312,788,803**	2,320,162,574
	(b) Interest Rate Swaps, Currency Swaps, Forward Rate Agreement & Interest Rate Futures	**2,299,486,452**	2,210,541,350
	(c) Foreign Currency Options	**202,687,973**	80,228,625
	TOTAL (a+b+c)	**4,814,963,228**	4,610,932,549
IV.	Guarantees given on behalf of constituents		
	In India	**529,708,072**	517,036,841
	Outside India	**133,640,480**	111,222,144
V.	Acceptances, endorsements and other obligations	**238,821,561**	228,015,939
VI.	Other items for which the Group is contingently liable	**29,013,927**	12,351,004
	GRAND TOTAL (I+II+III+IV+V+VI) [Refer Schedule 18 (1.1.14)]	**5,748,541,620**	5,481,234,674

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2014

		Year ended 31-03-2014 (₹ in Thousands)	Year ended 31-03-2013 (₹ in Thousands)
SCHEDULE 13 - INTEREST EARNED			
I.	Interest/discount on advances/bills	**220,225,195**	191,712,828
II.	Income on investments	**83,610,660**	77,469,806
III.	Interest on balances with Reserve Bank of India and other inter-bank funds	**1,680,713**	1,112,621
IV.	Others	**1,843,021**	1,724,497
	TOTAL	**307,359,589**	272,019,752
SCHEDULE 14 - OTHER INCOME			
I.	Commission, exchange and brokerage	**57,476,245**	52,655,041
II.	Profit/(Loss) on sale of investments (net)	**3,414,542**	6,346,482
III.	Profit/(Loss) on sale of fixed assets (net)	**(147,378)**	(44,308)
IV.	Profit on exchange/derivative transactions (net)	**15,171,705**	6,640,573
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 ₹183.91 crores (previous year ₹268.51 crores) and net loss on account of portfolio sell downs/securitisation ₹16.22 crores (previous year net loss of ₹5.88 crores)]	**1,747,386**	2,730,257
	TOTAL	**77,662,500**	68,328,045
SCHEDULE 15 - INTEREST EXPENDED			
I.	Interest on deposits	**154,318,570**	150,002,762
II.	Interest on Reserve Bank of India/Inter-bank borrowings	**9,214,419**	4,596,175
III.	Others	**23,496,676**	20,534,942
	TOTAL	**187,029,665**	175,133,879
SCHEDULE 16 - OPERATING EXPENSES			
I.	Payments to and provisions for employees	**29,730,476**	26,753,665
II.	Rent, taxes and lighting	**8,239,448**	7,666,611
III.	Printing and stationery	**1,164,981**	1,030,852
IV.	Advertisement and publicity	**978,125**	1,238,348
V.	Depreciation on Group's property	**3,754,553**	3,587,667
VI.	Directors' fees, allowance and expenses	**13,124**	18,240
VII.	Auditors' fees and expenses	**19,145**	15,851
VIII.	Law charges	**241,836**	179,019
IX.	Postage, telegrams, telephones etc.	**2,891,395**	2,869,492
X.	Repairs and maintenance	**6,425,327**	5,960,356
XI.	Insurance	**3,171,922**	2,626,618
XII.	Other expenditure	**25,464,896**	19,458,445
	TOTAL	**82,095,228**	71,405,164

17 Significant accounting policies for the year ended 31 March, 2014

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 under Section 211(3C) of the Companies Act, 1956 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 211(3C) of the Companies Act, 1956 by 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 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/2013 Act, as applicable and current practices prevailing within 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. (see 'd' below)	Subsidiary	India	100.00%
Axis Bank UK Ltd.	Subsidiary	U.K.	100.00%
Bussan Auto Finance India Private Ltd. (see 'e' below)	Associate	India	26.00%

The consolidated financial statements also include the results of Axis Securities Europe Ltd., the step down subsidiary of the Bank. The financial statements of Enam International Ltd., a step down subsidiary of the Bank, have not been consolidated since the company is under voluntary dissolution as on 31 March, 2014.

c) The audited financial statements of the above subsidiaries (including step down subsidiaries) and the unaudited financial statements of the associate have been drawn up to the same reporting date as that of the Bank, i.e. 31 March, 2014.

d) On 28 October, 2013 the Bank purchased 15.92% stake in Axis Securities Limited from Axis Capital Limited at a consideration of ₹38.25 crores thus making it a wholly owned subsidiary of the Bank.

e) This investment does not fall within the definition of a Joint Venture as per AS-27, Financial Reporting of Interest in Joint Ventures, notified under Section 211(3C) of the Companies Act, 1956 and the said accounting standard is thus not applicable. However, pursuant to RBI guidelines, the Bank has classified the same as investment in joint ventures in the Balance Sheet. Such investment has been accounted as an Associate in line with AS-23, Accounting for Investment in Associates in Consolidated Financial Statements notified under Section 211(3C) of the Companies Act, 1956.

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, revenues and expenses 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.

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:

- 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 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 in accordance with the RBI guidelines. Losses 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 as the corporate actions are effected in equity on the trade date.

Repurchase and reverse repurchase transactions

Repurchase and reverse repurchase transactions in government securities and corporate debt securities [excluding those conducted under the Liquid 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 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. 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.

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 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.

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 Securtisation

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 securtisation, 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 211(3C) of the Companies Act, 1956.

In accordance with RBI guidelines of 7 May, 2012 on 'Guidelines on Securitisation of Standard Assets', gain on securtisation transaction is recognised over the period of the underlying securities issued by the SPV as prescribed under RBI guidelines. Loss on securtisation 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 (excluding currency swaps undertaken to hedge foreign currency assets/liabilities and funding swaps which are not revalued) and spot exchange contracts are revalued at year end exchange rates notified by FEDAI for specified maturities and at interpolated rates for contract of interim maturities. The resulting gains or losses on revaluation are included in the Profit and Loss Account in accordance with RBI/FEDAI guidelines. The forward exchange contracts of longer maturities where exchange rates are not notified by FEDAI are revalued at the forward exchange rates implied by the swap curves in respective currencies. The resultant gains or losses are recognised in the Profit and Loss Account.

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 211(3C) of the Companies Act, 1956 and the RBI guidelines.

Fees and commission income is recognised when due, except for guarantee commission which is recognised pro-rata 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.

Gain or loss arising on sale of NPAs is accounted as per the guidelines prescribed by the RBI.

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 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 Private Equity Limited

Management fee is recognised on accrual basis.

Axis Trustee Services Limited

Trusteeship 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.

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.

Marketing Advisory fees and fees received for acting as Point of Service ('POS') for CDSL Ventures Ltd., an agency mandated by the Mutual Fund industry to handle the Know Your Clients ('KYC') documentation and necessary database are recognised on an accrual basis.

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.

Front end fees on processing of loans are recognised upfront as income.

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. Income from other existing prepaid plans is recognised on utilisation of complementary turnover limit or validity of plan, whichever is earlier.

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 in relation to stock broking activity is recognised on a 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 Limited

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

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

Asset	Estimated useful life
Owned premises	61 years
Assets given on operating lease	20 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	16 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

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

Depreciation on assets sold during the year is recognised on a pro-rata basis to the Profit and Loss Account till the date of sale.

The carrying 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.

Axis Bank Ltd.

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 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

Contributions to a recognised Provident Fund scheme, which is a defined contribution scheme are accounted for on an accrual basis and charged to Profit and Loss Account.

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.

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.

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

4.12 *Long Term Incentive Plan (LTIP)*

Axis Asset Management Company Limited

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 recognize 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 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 78 of the Companies Act, 1956.

4.16 *Earnings per share*

Group

The Group reports basic and diluted earnings per share in accordance with AS-20, Earnings per Share, as notified under Section 211(3C) of the Companies Act, 1956. 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’). 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 the 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.

18 Notes forming part of the consolidated financial statements for the year ended 31 March, 2014

(Currency: In Indian Rupees)

1 **Other Disclosures**

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

(₹ in crores)

For the year ended	31 March, 2014	31 March, 2013
Provision for income tax		
- Current tax for the year	**3,533.43**	2,740.53
- Deferred tax for the year (Refer 1.1.11)	**(363.18)**	(349.73)
	3,170.25	2,390.80
Provision for wealth tax	**0.42**	0.38
Provision for non-performing assets (including bad debts written off and write backs)	**1,295.98**	1,179.19
Provision for restructured assets	**194.76**	103.95
Provision towards standard assets	**293.07**	196.64
Provision for depreciation in value of investments	**(100.29)**	(98.22)
Provision for country risk	**-**	(9.63)
Provision for other contingencies	**426.36**	383.97
Total	**5,280.55**	4,147.08

1.1.2 The Bank has not raised subordinated debt during the year ended 31 March, 2014.

During the year ended 31 March, 2013, the Bank has raised subordinated debt of ₹2,500 crores, the details of which are set out below:

Date of allotment	Period	Coupon	Amount
31 December, 2012	120 months	9.15%	₹2,500.00 crores

During the year ended 31 March, 2014, the Bank redeemed subordinated debt of ₹278.50 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
26 April, 2013	117 months	7.00%	₹65.00 crores
22 June, 2013	87 months	8.50%	₹125.00 crores
22 June, 2013	87 months	8.32%	₹5.00 crores
28 September, 2013	87 months	8.95%	₹33.50 crores
15 October, 2013	117 months	6.50%	₹50.00 crores

During the year ended 31 March, 2013, the Bank redeemed subordinated debt of ₹622 crores, the details of which are set out below:

Date of maturity	Period	Coupon	Amount
20 June, 2012	117 months	9.30%	₹62.00 crores
25 July, 2012	84 months	8.67%	₹500.00 crores
21 September, 2012	117 months	8.95%	₹60.00 crores

1.1.3 The Bank has not raised any hybrid capital during the year ended 31 March, 2014 and year ended 31 March, 2013.

1.1.4 Earnings Per Share ('EPS')

The details of EPS computation is set out below:

As at	**31 March, 2014**	31 March, 2013
Basic and Diluted earnings for the year (Net profit after tax) (₹ in crores)	**6,310.12**	5,234.76
Basic weighted average no. of shares (in crores)	**46.90**	43.28
Add: Equity shares for no consideration arising on grant of stock options under ESOP (in crores)	**0.12**	0.30
Diluted weighted average no. of shares (in crores)	**47.02**	43.58
Basic EPS (₹)	**134.53**	120.95
Diluted EPS (₹)	**134.20**	120.12
Nominal value of shares (₹)	**10.00**	10.00

Dilution of equity is on account of 1,169,588 (previous year 2,975,646) stock options.

1.1.5 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 13,000,000 equity shares to eligible employees. Eligible employees are granted an option to purchase shares subject to vesting conditions. The options vest in a graded manner over 3 years. The options can be exercised within 3 years from the date of the vesting. Further, 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 35,017,400. Within the overall ceiling of 48,017,400 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.

42,407,590 options have been granted under the Scheme till the previous year ended 31 March, 2013.

On 25 April, 2013, the Bank granted 2,003,000 stock options (each option representing entitlement to one equity share of the Bank) to its employees including the MD & CEO and employees of certain subsidiaries of the Bank at a price of ₹1,444.80 per option.

Stock option activity under the Scheme for the year ended 31 March, 2014 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	10,865,025	468.90 to 1,447.55	1,090.43	2.69
Granted during the year	2,003,000	1,444.80	1,444.80	-
Forfeited during the year	(60,004)	468.90 to 1,447.55	1,152.16	-
Expired during the year	(72,380)	468.90 to 824.40	562.84	-
Exercised during the year	(1,890,085)	468.90 to 1,447.55	727.86	-
Outstanding at the end of the year	**10,845,556**	**503.25 to 1,447.55**	**1,222.24**	**2.44**
Exercisable at the end of the year	6,042,426	503.25 to 1,447.55	1,143.45	1.42

The weighted average share price in respect of options exercised during the year was ₹1,314.00.

Stock option activity under the Scheme for the year ended 31 March, 2013 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	11,428,248	319.00 to 1,447.55	965.90	2.79
Granted during the year	2,516,000	1,086.65	1,086.65	-
Forfeited during the year	(175,698)	319.00 to 1,447.55	1,144.00	-
Expired during the year	(80,954)	319.00 to 824.40	568.70	-
Exercised during the year	(2,822,571)	319.00 to 1,447.55	594.48	-
Outstanding at the end of the year	**10,865,025**	**468.90 to 1,447.55**	**1,090.43**	**2.69**
Exercisable at the end of the year	5,372,105	468.90 to 1,447.55	941.06	1.57

The weighted average share price in respect of options exercised during the year was ₹1,217.66.

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, 2014	31 March, 2013
Net Profit (as reported) (*₹ in crores*)	**6,310.12**	5,234.76
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*)	**(103.48)**	(117.08)
Net Profit (Proforma) (*₹ in crores*)	**6,206.64**	5,117.68
Earnings per share: Basic (in ₹)		
As reported	**134.53**	120.95
Proforma	**132.33**	118.25
Earnings per share: Diluted (in ₹)		
As reported	**134.20**	120.12
Proforma	**132.04**	117.54

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, 2014	31 March, 2013
Dividend yield	**1.36%**	1.20%
Expected life	**2-4 years**	2-4 years
Risk free interest rate	**7.45% to 7.57%**	8.14% to 8.33%
Volatility	**33.86% to 36.93%**	35.92% to 50.25%

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, 2014 is ₹438.87 (previous year ₹387.24).

1.1.6 Dividend paid on shares issued on exercise of stock options

The Bank may allot shares between the Balance Sheet date and record date for the declaration of dividend pursuant to the exercise of any employee stock options. These shares will be eligible for full dividend for the year ended 31 March, 2014, if approved at the ensuing Annual General Meeting. Dividend relating to these shares has not been recorded in the current year.

Appropriation to proposed dividend during the year ended 31 March, 2014 includes dividend of ₹2.05 crores (previous year ₹2.02 crores) paid pursuant to exercise of 975,266 employee stock options after the previous year end but before the record date for declaration of dividend for the year ended 31 March, 2013.

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.

Business segments in respect of operations of the subsidiaries (including step down 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, 2014				
	Treasury	**Corporate/ Wholesale Banking**	**Retail Banking**	**Other Banking Business**	**Total**
Segment Revenue					
Gross interest income (external customers)	8,703.49	12,636.64	9,395.83	-	30,735.96
Other income	2,102.41	3,227.59	1,693.35	742.90	7,766.25
Total income as per Profit and Loss Account	**10,805.90**	**15,864.23**	**11,089.18**	**742.90**	**38,502.21**
Add/(less) inter segment interest income	35,606.40	3,802.28	11,295.25	-	50,703.93
Total segment revenue	**46,412.30**	**19,666.51**	**22,384.43**	**742.90**	**89,206.14**
Less: Interest expense (external customers)	9,897.99	391.39	8,413.59	-	18,702.97
Less: Inter segment interest expense	33,763.53	9,370.03	7,570.37	-	50,703.93
Less: Operating expenses	389.48	2,179.71	5,472.46	167.87	8,209.52
Operating profit	**2,361.30**	**7,725.38**	**928.01**	**575.03**	**11,589.72**
Less: Provision for non-performing assets/others*	11.34	1,765.41	333.13	0.42	2,110.30
Segment result	**2,349.96**	**5,959.97**	**594.88**	**574.61**	**9,479.42**
Less: Provision for tax					3,170.25
Net Profit before minority interest and earnings from Associate					**6,309.17**
Less: Minority Interest					0.41
Add: Share of Profit in Associate					1.36
Extraordinary profit/loss					-
Net Profit					**6,310.12**
Segment assets	143,030.97	134,096.24	106,883.93	441.62	384,452.76
Unallocated assets					1,897.30
Total assets					**386,350.06**
Segment liabilities	125,146.04	70,390.58	151,144.98	54.47	346,736.07
Unallocated liabilities(1)					1,217.94
Total liabilities					**347,954.01**
Net assets	**17,884.93**	**63,705.66**	**(44,261.05)**	**387.15**	**38,396.05**
Capital Expenditure for the year	**23.64**	**173.81**	**443.54**	**7.60**	**648.59**
Depreciation on fixed assets for the year	**12.93**	**97.73**	**260.63**	**4.17**	**375.46**

(1) Includes minority interest of ₹12.94 crores

(₹ in crores)

	31 March, 2013				
	Treasury	**Corporate/ Wholesale Banking**	**Retail Banking**	**Other Banking Business**	**Total**
Segment Revenue					
Gross interest income (external customers)	8,016.33	12,046.51	7,139.11	0.03	27,201.98
Other income	1,610.93	3,000.09	1,653.78	568.00	6,832.80
Total income as per Profit and Loss Account	**9,627.26**	**15,046.60**	**8,792.89**	**568.03**	**34,034.78**
Add/(less) inter segment interest income	32,939.38	3,371.64	9,547.31	-	45,858.33
Total segment revenue	**42,566.64**	**18,418.24**	**18,340.20**	**568.03**	**79,893.11**
Less: Interest expense (external customers)	10,205.87	298.17	7,009.35	-	17,513.39
Less: Inter segment interest expense	30,866.09	9,184.48	5,807.76	-	45,858.33
Less: Operating expenses	443.10	1,733.43	4,767.90	196.09	7,140.52
Operating profit	**1,051.58**	**7,202.16**	**755.19**	**371.94**	**9,380.87**
Less: Provision for non-performing assets/others*	(94.48)	1,619.84	230.55	0.37	1,756.28
Segment result	**1,146.06**	**5,582.32**	**524.64**	**371.57**	**7,624.59**
Less: Provision for tax					2,390.80
Net Profit before minority interest and earnings from Associate					**5,233.79**
Less: Minority Interest					0.25
Add: Share of Profit in Associate					1.22
Extraordinary profit/loss					-
Net Profit					**5,234.76**
Segment assets	135,106.04	128,353.67	75,319.35	302.34	339,081.40
Unallocated assets					1,476.33
Total assets					**340,557.73**
Segment liabilities	124,877.36	63,506.02	117,923.41	49.97	306,356.76
Unallocated liabilities(1)					1,042.60
Total liabilities					**307,399.36**
Net assets	**10,228.68**	**64,847.65**	**(42,604.06)**	**252.37**	**33,158.37**
Capital Expenditure for the year	**20.79**	**99.48**	**291.58**	**9.37**	**421.22**
Depreciation on fixed assets for the year	**17.52**	**84.80**	**247.74**	**8.71**	**358.77**

(1) Includes minority interest of ₹12.53 crores

*represents material non-cash items other than depreciation

Geographic Segments

(₹ in crores)

	Domestic		International		Total	
	31 March, 2014	31 March, 2013	**31 March, 2014**	31 March, 2013	**31 March, 2014**	31 March, 2013
Revenue	**36,132.99**	31,873.52	**2,369.22**	2,161.26	**38,502.21**	34,034.78
Assets	**341,431.89**	303,396.13	**44,918.17**	37,161.60	**386,350.06**	340,557.73
Capital Expenditure for the year	**622.68**	419.22	**25.91**	2.00	**648.59**	421.22
Depreciation on fixed assets for the year	**368.38**	357.22	**7.08**	1.55	**375.46**	358.77

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 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. Somnath Sengupta [Executive Director & Head (Corporate Centre)]
- Mr. V. Srinivasan [Executive Director & Head (Corporate Banking)]

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. Chaitaly Sengupta, Mrs. Renukona Sengupta, Mr. Niloy Sengupta, 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 and Mr. R. Narayan.

d) *Associate*

- Bussan Auto Finance India Private Limited

  Based on RBI guidelines, details of transactions with Associates are not disclosed since there is only one entity/party in this category. [Refer Schedule 17(2)]

The significant transactions between the Bank and related parties during the year ended 31 March, 2014 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 ₹175.00 crores (previous year ₹155.56 crores), Life Insurance Corporation of India ₹78.77 crores (previous year ₹64.06 crores)
- Interest paid: Life Insurance Corporation of India ₹928.77 crores (previous year ₹731.58 crores)

- Interest received: Life Insurance Corporation of India ₹0.16 crores (previous year ₹33,159), New India Assurance Company Ltd. ₹0.09 crores (previous year ₹0.01 crores) and Mr. Somnath Sengupta ₹0.17 crores (previous year ₹0.09 crores)
- Investment of related party in the Bank: Mrs. Shikha Sharma ₹7.35 crores (previous year ₹1.48 crores) and Mr. V. Srinivasan ₹2.43 crores (previous year ₹2.04 crores)
- Redemption of subordinated debt: Life Insurance Corporation of India ₹25.00 crores (previous year ₹80.00 crores) and General Insurance Corporation of India ₹15.00 crores (previous year Nil)
- Sale of Investments: Life Insurance Corporation of India ₹221.71 crores (previous year ₹1,030.60 crores), General Insurance Corporation of India ₹181.37 crores (previous year ₹85.00 crores), New India Assurance Company Ltd. ₹147.51 crores (previous year Nil), National Insurance Company Ltd. ₹109.97 crores (previous year ₹191.79 crores), United India Insurance Company Ltd. ₹79.12 crores (previous year ₹115.03 crores)
- Management Contracts: Mrs. Shikha Sharma ₹4.07 crores (previous year ₹2.83 crores), Mr. Somnath Sengupta ₹2.30 crores (previous year ₹0.70 crores) and Mr. V. Srinivasan ₹2.18 crores (previous year ₹0.72 crores)
- Contribution to employee benefit fund: Life Insurance Corporation of India ₹15.49 crores (previous year ₹14.58 crores)
- Non-funded commitments: Life Insurance Corporation of India ₹0.02 crores (previous year Nil), Oriental Insurance Company Ltd. ₹0.04 crores (previous year Nil)
- Advance granted (net): Mr. Somnath Sengupta ₹0.83 crores (previous year Nil)
- Advance repaid: Life Insurance Corporation of India ₹27.91 crores (previous year ₹15.51 crores)
- Receiving of services: Oriental Insurance Company Ltd. ₹51.20 crores (previous year ₹2,924)
- Rendering of services: Life Insurance Corporation of India ₹1.93 crores (previous year ₹1.82 crores) and New India Assurance Company Ltd. ₹0.28 crores (previous year ₹0.25 crores)
- Other reimbursement to related party: Life Insurance Corporation of India ₹0.39 crores (previous year ₹0.76 crores)

The details of transactions of the Bank with its related parties during the year ended 31 March, 2014 are given below:

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Dividend paid	286.21	0.13	-	**286.34**
Interest paid	994.86	0.78	0.08	**995.72**
Interest received	0.27	0.17	-	**0.44**
Investment of related party in the Bank	-	10.68	-	**10.68**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	-	-	-	**-**
Redemption of Subordinated Debt	40.00	-	-	**40.00**
Purchase of investments	-	-	-	**-**
Sale of investments	754.46	-	-	**754.46**
Management contracts	-	8.55	-	**8.55**
Contribution to employee benefit fund	15.49	-	-	**15.49**

(₹ in crores)

Items/Related Party	Promoters	Key Management Personnel	Relatives of Key Management Personnel	Total
Purchase of fixed assets	-	-	-	**-**
Sale of fixed assets	-	-	-	**-**
Non-funded commitments	0.06	-	-	**0.06**
Advance granted (net)	-	0.83	-	**0.83**
Advance repaid	27.91	1.26	-	**29.17**
Receiving of services	67.60	-	-	**67.60**
Rendering of services	2.45	-	-	**2.45**
Other reimbursements from related party	-	-	-	**-**
Other reimbursements to related party	0.39	-	-	**0.39**

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2014 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	10,097.26	9.77	1.23	**10,108.26**
Placement of deposits	0.15	-	-	**0.15**
Advances	0.78	1.61	-	**2.39**
Investment of related party in the Bank	138.78	0.10	-	**138.88**
Non-funded commitments	3.07	-	-	**3.07**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	2,765.00	-	-	**2,765.00**
Advance for rendering of services	-	-	-	**-**
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, 2014 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	10,836.28	12.89	1.76	**10,850.93**
Placement of deposits	0.16	-	-	**0.16**
Advances	66.57	2.04	-	**68.61**
Investment of related party in the Bank	169.76	0.10	-	**169.86**
Non-funded commitments	3.09	-	-	**3.09**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	3,817.30	-	-	**3,817.30**
Other receivables (net)	-	-	-	**-**
Other payables (net)	-	-	-	**-**

The details of transactions of the Bank with its related parties during the year ended 31 March, 2013 are given below:

(₹ in crores)

Items/Related Party	**Promoters**	**Key Management Personnel**	**Relatives of Key Management Personnel**	**Total**
Dividend paid	247.25	0.02	-	**247.27**
Interest paid	768.37	0.16	0.03	**768.56**
Interest received	0.02	0.10	-	**0.12**
Investment of related party in the Bank	811.47	4.60	-	**816.07**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	1,000.00	-	-	**1,000.00**
Redemption of Subordinated Debt	90.00	-	-	**90.00**
Purchase of investments	-	-	-	**-**
Sale of investments	1,442.84	-	-	**1,442.84**
Management contracts	-	4.25	-	**4.25**
Contribution to employee benefit fund	14.58	-	-	**14.58**
Purchase of fixed assets	-	-	-	**-**
Sale of fixed assets	-	-	-	**-**
Non-funded commitments	0.06	-	-	**0.06**
Advance granted (net)	-	-	-	**-**
Advance repaid	15.51	0.14	-	**15.65**
Receiving of services	60.79	-	-	**60.79**
Rendering of services	2.07	-	-	**2.07**
Other reimbursements from related party	-	-	-	**-**
Other reimbursements to related party	0.76	-	-	**0.76**

The balances payable to/receivable from the related parties of the Bank as on 31 March, 2013 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	9,915.42	4.23	0.51	**9,920.16**
Placement of deposits	0.16	-	-	**0.16**
Advances	28.13	2.04	-	**30.17**
Investment of related party in the Bank	158.52	0.08	-	**158.60**
Non-funded commitments	3.07	-	-	**3.07**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	3,817.30	-	-	**3,817.30**
Advance for rendering of services	-	-	-	**-**
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, 2013 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	9,915.42	9.01	3.91	**9,928.34**
Placement of deposits	0.16	-	-	**0.16**
Advances	46.54	2.16	-	**48.70**
Investment of related party in the Bank	158.52	0.08	-	**158.60**
Non-funded commitments	3.07	-	-	**3.07**
Investment of related party in Subordinated Debt/Hybrid Capital of the Bank	3,817.30	-	-	**3,817.30**
Other receivables (net)	-	-	-	**-**
Other payables (net)	-	-	-	**-**

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, 2014	31 March, 2013
Future lease rentals payable as at the end of the year:		
- Not later than one year	**578.38**	591.44
- Later than one year and not later than five years	**1,828.59**	1,731.72
- Later than five years	**860.94**	831.28
Total of minimum lease payments recognised in the Profit and Loss Account for the year	**647.81**	613.67

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.

1.1.10 Other Fixed Assets (including furniture & fixtures)

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

(₹ in crores)

Particulars	**31 March, 2014**	31 March, 2013
At cost at the beginning of the year	**470.90**	391.34
Additions during the year	**137.97**	80.78
Deductions during the year	**(1.85)**	(1.22)
Accumulated depreciation as at 31 March	**(391.62)**	(318.58)
Closing balance as at 31 March	**215.40**	152.32
Depreciation charge for the year	**73.41**	56.16

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, 2014	31 March, 2013
Deferred tax assets on account of provisions for doubtful debts	**1,198.60**	924.57
Deferred tax assets on account of amortization of HTM investments	**191.25**	192.52
Deferred tax assets on account of provision for employee benefits	**69.83**	106.76
Other deferred tax assets	**325.17**	180.43
Deferred tax assets	**1,784.85**	1,404.28
Deferred tax liability on account of depreciation on fixed assets	**43.58**	26.19
Deferred tax liabilities	**43.58**	26.19
Net deferred tax asset	**1,741.27**	1,378.09

1.1.12 Employee Benefits

Group

Provident Fund

The contribution to the employee's provident fund of the Group amounted to ₹104.43 crores for the year ended 31 March, 2014 (previous year ₹86.96 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 principal assumptions used by the actuary are as under:

	31 March, 2014	31 March, 2013
Discount rate for the term of the obligation	**9.15%**	7.90%
Average historic yield on the investment portfolio	**8.88%**	9.13%
Discount rate for the remaining term to maturity of the investment portfolio	**9.03%**	7.94%
Expected investment return	**9.00%**	9.09%
Guaranteed rate of return	**8.75%**	8.50%

Superannuation

The Bank contributed ₹15.49 crores to the employee's superannuation plan for the year ended 31 March, 2014 (previous year ₹14.58 crores).

Group

Leave Encashment

The actuarial liability of compensated absences of accumulated privileged and sick leaves of the employees of the Group is given below.

(₹ in crores)

	As at 31 March, 2014		
	Axis Bank Ltd.	**Axis Capital Ltd.**	**Axis Securities Ltd.**
Privileged leave	179.10	0.11	0.06
Sick leave	-	-	-
Total actuarial liability	**179.10**	**0.11**	**0.06**
Total Expense included under Schedule 16(I)	**(114.72)**	**0.05**	**0.03**
Assumptions			
Discount rate	9.15% p.a.	9.02% p.a.	8.70% p.a.
Salary escalation rate	7.00% p.a.	7.00% p.a.	7.00% p.a.

(₹ in crores)

	As at 31 March, 2013	
	Axis Bank Ltd.	**Axis Capital Ltd.**
Privileged leave	313.92	0.10
Sick leave	22.80	-
Total actuarial liability	**336.72**	**0.10**
Total Expense included under Schedule 16(I)	**96.46**	**(1.24)**
Assumptions		
Discount rate	7.90% p.a.	7.80% p.a.
Salary escalation rate	7.00% p.a.	6.00% p.a.

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, 2014	31 March, 2013
Current Service Cost	**24.68**	18.49
Interest on Defined Benefit Obligation	**12.81**	9.30
Expected Return on Plan Assets	**(11.14)**	(7.65)
Net Actuarial Losses/(Gains) recognised in the year	**(11.17)**	17.89
Past Service Cost	**-**	5.50
Total included in "Employee Benefit Expense"	**15.18**	43.53
Actual Return on Plan Assets	**13.49**	9.63

Balance Sheet

Details of provision for gratuity

(₹ in crores)

	31 March, 2014	31 March, 2013
Present Value of Funded Obligations	**(168.99)**	(147.25)
Fair Value of Plan Assets	**171.76**	152.17
Net Asset	**2.77**	4.92
Amounts in Balance Sheet		
Liabilities	**(2.86)**	(3.70)
Assets	**5.63**	8.62
Net Asset (included under Schedule 11 – Other Assets)	**2.77**	4.92

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

(₹ in crores)

	31 March, 2014	31 March, 2013
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	**147.25**	94.83
Current Service Cost	**24.68**	18.49
Interest Cost	**12.81**	9.29
Actuarial Losses/(Gains)	**(8.71)**	19.91
Past Service Cost	**-**	5.50
Liabilities assumed on acquisition	**-**	5.85
Liabilities transferred in	**0.22**	-
Benefits Paid	**(7.26)**	(6.62)
Closing Defined Benefit Obligation	**168.99**	147.25

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

(₹ in crores)

	31 March, 2014	31 March, 2013
Opening Fair Value of Plan Assets	**152.17**	98.21
Expected Return on Plan Assets	**11.14**	7.65
Actuarial Gains/(Losses)	**2.46**	2.02
Contributions by Employer	**13.25**	46.08
Assets acquired on acquisition	**-**	4.83
Benefits Paid	**(7.26)**	(6.62)
Closing Fair Value of Plan Assets	**171.76**	152.17

Experience adjustments

(₹ in crores)

	31 March, 2014	31 March, 2013	31 March, 2012	31 March, 2011	31 March, 2010
Defined Benefit Obligations	**168.99**	147.25	94.82	61.43	43.02
Plan Assets	**171.76**	152.17	98.21	63.62	44.08
Surplus/(Deficit)	**2.77**	4.92	3.39	2.19	1.06
Experience Adjustments on Plan Liabilities	**7.45**	4.66	27.31	1.55	1.27
Experience Adjustments on Plan Assets	**2.30**	2.07	0.48	(0.78)	0.46

Axis Bank Ltd.

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

	31 March, 2014	31 March, 2013
	%	%
Government securities	**41.24**	40.87
Bonds, debentures and other fixed income instruments	**48.22**	38.48
Money market instruments	**7.85**	18.45
Equity shares	**2.34**	2.20
Others	**0.35**	-

	31 March, 2014	31 March, 2013
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	**9.15% p.a.**	7.90% 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%**	20.14%
- 31 to 44 (age in years)	**8.00%**	10.00%
- 45 to 59 (age in years)	**4.00%**	1.00%

The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

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

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

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

Axis Capital Ltd.

	31 March, 2014	31 March, 2013
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, 2014	31 March, 2013
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	**9.38% p.a.**	7.80% p.a.
Expected rate of Return on Plan Assets	**9.38% p.a.**	7.50% p.a.
Salary Escalation Rate	**7.00% p.a.**	6.00% p.a.
Employee Turnover (Sales and Retail Broking Segment)		
- 21 to 44 (age in years)	**N.A.**	70.00%
- 45 to 59 (age in years)	**N.A.**	1.00%
Employee Turnover (Capital Market Segment)	**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 ₹0.98 crores as gratuity in the year 2014-15.

Axis Asset Management Company Ltd.

	31 March, 2014	31 March, 2013
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	**8.98% p.a.**	7.94% 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, 2014	31 March, 2013
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, 2014	31 March, 2013
Principal actuarial assumptions at the balance sheet date:		
Discount Rate	**8.70% p.a.**	7.80% p.a.
Expected rate of Return on Plan Assets	**7.50% p.a.**	N.A.
Salary Escalation Rate	**7.00% p.a.**	6.00% 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 ₹0.58 crores as gratuity in the year 2014-15.

Axis Finance Ltd.

	31 March, 2014
The major categories of plan assets* as a percentage of fair value of total plan assets – Insurer Managed Funds	**100.00**

*composition of plan assets is not available

	31 March, 2014
Principal actuarial assumptions at the balance sheet date:	
Discount Rate	**9.38% p.a.**
Expected rate of Return on Plan Assets	**9.38% p.a.**
Salary Escalation Rate	**7.00% p.a.**
Employee Turnover	**2.00%**

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.

1.1.13 Provisions and contingencies

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

(₹ in crores)

	31 March, 2014	31 March, 2013
Opening balance at the beginning of the year	**13.97**	17.35
Additions during the year	**1.00**	4.57
Reductions on account of payments during the year	**(0.41)**	(5.57)
Reductions on account of reversals during the year	**(0.50)**	(2.38)
Closing balance at the end of the year	**14.06**	13.97

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

(₹ in crores)

	31 March, 2014	31 March, 2013
Opening provision at the beginning of the year	**67.89**	43.28
Provision made during the year	**22.88**	28.03
Reductions during the year	**(5.46)**	(3.42)
Closing provision at the end of the year	**85.31**	67.89

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

(₹ in crores)

	31 March, 2014	31 March, 2013
Opening provision at the beginning of the year	**396.46**	15.38
Provision made during the year	**785.93**	561.65
Reductions during the year	**(360.78)**	(180.57)
Closing provision at the end of the year	**821.61**	396.46

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

1.1.14 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.

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, commitments towards underwriting and investment in equity through bids under Initial Public Offering (IPO) of corporates as at the year end and demands raised by statutory authorities (other than income tax) and disputed by the Group.

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

In terms of General Circular No. 2/2011 of the Ministry of Corporate Affairs, Government of India dated 8 February, 2011.

(₹ in crores)

	For the year ended 31 March, 2014								
	Axis Capital Ltd.	**Axis Private Equity Ltd.**	**Axis Trustee Services Ltd.**	**Axis Mutual Fund Trustee Ltd.**	**Axis Asset Management Company Ltd.**	**Axis Bank UK Ltd.@**	**Axis Finance Ltd.**	**Axis Securities Ltd.**	**Axis Securities Europe Ltd.#^**
Capital	73.50	15.00	1.50	0.05	174.00	329.53	255.75	144.50	9.98
Reserves and Surplus	112.74	2.46	30.08	0.09	(122.36)	13.22	156.35	11.96	8.77
Total Assets (Fixed Assets + Investments + Other Assets)	904.93	24.01	52.67	0.17	155.43	2,227.89	1,218.41	305.89	18.82
Total Liabilities (Deposits + Borrowings + Other Liabilities + Provisions)	718.69	6.55	21.09	0.03	103.79	1,885.14	806.31	149.43	0.07
Investments	11.60	3.54	-	0.12	15.80	456.79	89.80	-	-
Total Income	189.92	5.96	27.97	0.18	87.70	75.03	76.03	314.53	-
Profit/(Loss) Before Taxation	33.65	4.53	21.95	0.03	1.62	16.53	50.51	12.57	(0.09)
Provision for Taxation	11.60	1.23	7.46	0.01	-	2.96	17.03	(1.00)	-
Profit/(Loss) After Taxation	22.05*	3.30	14.49	0.02	1.62	13.57	33.48	13.57*	(0.09)
Proposed Dividend and Tax (including cess thereon)	-	6.14	12.28	-	-	-	-	-	-

@ Asset/Liability items are stated in INR equivalent of USD ($1 = ₹59.915 as on 31 March, 2014). Profit and loss items reported in INR based on rates prevailing on the date of transactions

Amount in INR equivalent of GBP (£1 = ₹99.765 as on 31 March 2014)

^ Axis Securities Europe Ltd. is a wholly owned subsidiary of Axis Capital Ltd. (a wholly owned subsidiary of Axis Bank Ltd.)

* Excludes ₹1.42 crores of loss of business demerged by Axis Capital Ltd. to Axis Securities Ltd. from appointed date i.e. 20 October, 2012 to 31 March, 2013

1.1.16 Comparative Figures

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

For Axis Bank Ltd.

Shikha Sharma
Managing Director & CEO

K. N. Prithviraj
Director

V. R. Kaundinya
Director

S. B. Mathur
Director

Samir K. Barua
Director

Somnath Sengupta
Executive Director &
Head (Corporate Centre)

V. Srinivasan
Executive Director &
Head (Corporate Banking)

Sanjeev Kapoor
Company Secretary

Sanjeev K. Gupta
President & CFO

Date : 25 April, 2014
Place: Mumbai

DISCLOSURES UNDER BASEL III CAPITAL REGULATIONS (CONSOLIDATED) FOR THE YEAR ENDED 31ST MARCH 2014

I. SCOPE OF APPLICATION AND CAPITAL ADEQUACY

Name of the head of the banking group to which the framework applies: Axis Bank Limited

Axis Bank Limited (the 'Bank') is a commercial bank, which was incorporated on the 3rd December 1993. The Bank is the controlling entity for all group entities. The consolidated financial statements of the Bank comprise the financial statements of Axis Bank Limited and its subsidiaries (including step-down subsidiaries) that together constitute the 'Group'. The Bank consolidates its subsidiaries in accordance with Accounting Standard 21 (AS-21) 'Consolidated Financial Statements' issued by The Institute of Chartered Accountants of India on a line-by-line basis by adding together the like items of assets, liabilities, income and expenditure.

(i) Qualitative Disclosures

The list of group entities considered for consolidation is given below:

Name of the Entity/Country of Incorporation	Included under Accounting Scope of Consolidation	Method of Consolidation	Included under Regulatory Scope of Consolidation	Method of Consolidation	Reasons for difference in the Method of Consolidation	Reasons, if Consolidated under only one of the Scopes of Consolidation
Axis Asset Management Company Limited/ India	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	NA	NA
Axis Bank UK Limited/UK	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	NA	NA
Axis Capital Limited/India	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	NA	NA
Axis Finance Limited/India	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	NA	NA
Axis Mutual Fund Trustee Limited/ India	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	NA	NA
Axis Private Equity Limited/India	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	NA	NA

* NA – Not Applicable

Name of the Entity/Country of Incorporation	Included under Accounting Scope of Consolidation	Method of Consolidation	Included under Regulatory Scope of Consolidation	Method of Consolidation	Reasons for difference in the Method of Consolidation	Reasons, if Consolidated under only one of the Scopes of Consolidation
Axis Securities Limited/India	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	NA	NA
Axis Trustee Services Limited/ India	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	NA	NA
Bussan Auto Finance India Private Limited/ India	Yes	Equity Method (1)	No	Treated as an Associate	NA	Bank's investment has been risk weighted
Axis Securities Europe Limited/ UK (2)	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	Yes	Consolidated in accordance with AS-21, Consolidated Financial Statements	NA	NA

* NA – Not Applicable

(1) As per Accounting Standard (AS-23), "Accounting for Investments in Associates in Consolidated Financial Statements" as issued by The Institute of Chartered Accountants of India.

(2) Step-down subsidiary. 100% of its share capital is owned by Axis Capital Limited, a wholly owned subsidiary of the Bank.

The list of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation is given below:

Name of the Entity/Country of Incorporation	Principal Activity of the Entity	Total Balance Sheet Equity	Percentage Bank's Holding in the Total Equity	Regulatory treatment of Bank's Investments	Total Balance Sheet Assets
Enam International Limited/UAE	Arranging credit or deals in investments and advising on financial products	AED 6.61million*	100% held by Axis Capital Limited, which is the wholly - owned subsidiary of Axis Bank Limited	Risk Weighted	Company under voluntary dissolution with effect from 17th January 2013

*as on March 2012

(ii) Quantitative Disclosures

The list of group entities considered for consolidation as on 31st March 2014 is given below:

(Amt. in millions)

Name of the Entity/Country of Incorporation	Principal Activity of the Entity	Total Balance Sheet Equity*	Total Balance Sheet Assets
Axis Asset Management Company Limited/India	Asset Management company for Axis Mutual Fund	₹1,740	₹1,554
Axis Bank UK Limited/UK	Retail Banking, Corporate Banking, Commercial Banking and Treasury Services	₹3,295 (USD 55)	₹22,279 (USD 372)
Axis Capital Limited/India	Merchant Banking, Institutional Broking and Investment Banking Business	₹735	₹9,049
Axis Finance Limited/India	Non-Banking Financial activities	₹2,558	₹12,184
Axis Mutual Fund Trustee Limited/India	Trustee company for Axis Mutual Fund	₹1	₹2
Axis Private Equity Limited/India	Managing investments, venture capital funds and off-shore funds	₹150	₹240
Axis Securities Limited/India	Marketing of Retail Asset Products, Credit Cards and Retail Broking	₹1,445	₹3,059
Axis Trustee Services Limited/India	Trusteeship services	₹15	₹527
Axis Securities Europe Limited/UK	To advise and arranging deals in investments	₹100 (GBP 1)	₹188 (GBP 2)

* Paid up Equity Capital

Note - The investment in Bussan Auto Finance India Private Limited is not deducted from capital funds of the Bank but it is assigned risk weights as an investment.

There is no capital deficiency in any subsidiary, which is not included in the regulatory scope of consolidation.

As on 31st March 2014, the Bank does not have controlling interest in any insurance entity.

There are no restrictions or impediments on transfer of funds or regulatory capital within the banking group.

II. CAPITAL ADEQUACY

The Bank is subject to the capital adequacy guidelines stipulated by RBI, which are based on the framework of the Basel Committee on Banking Supervision. As per Basel III guidelines, the Bank is required to maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9% {11.5% including Capital Conservation Buffer (CCB)}, with minimum Common Equity Tier I (CET1) of 5.5% (8% including CCB) as on 31st March 2019. These guidelines on Basel III has been implemented on 1st April 2013 in a phased manner. The minimum capital required to be maintained by the Bank for the year ended 31st March 2014 is 9% with minimum Common Equity Tier 1 (CET1) of 5%.

An assessment of the capital requirement of the Bank is carried out through a comprehensive projection of future businesses that takes cognizance of the strategic intent of the Bank, profitability of particular businesses and opportunities for growth. The proper mapping of credit, operational and market risks to this projected business growth enables assignment of capital that not only adequately covers the minimum regulatory capital requirement but also provides headroom for growth. The calibration of risk to business is enabled by a strong risk culture in the Bank aided by appropriate, technology-based risk management systems. As part of the Internal Capital Adequacy Assessment Process (ICAAP), the Bank also assesses the adequacy of capital under stress. A summary of the Bank's capital requirement for credit, market and operational risk and the capital adequacy ratio as on 31st March 2014 is presented below:

(₹ in millions)

Capital Requirements for various Risks	Amount
CREDIT RISK	
Capital requirements for Credit Risk	
- Portfolios subject to standardised approach	220,761
- Securitisation exposures	-
MARKET RISK	
Capital requirements for Market Risk	
- Standardised duration approach	18,280
- - Interest rate risk	16,176
- - Foreign exchange risk (including gold)	451
- - Equity risk	1,653
OPERATIONAL RISK	
Capital requirements for Operational risk	
- Basic indicator approach	20,002

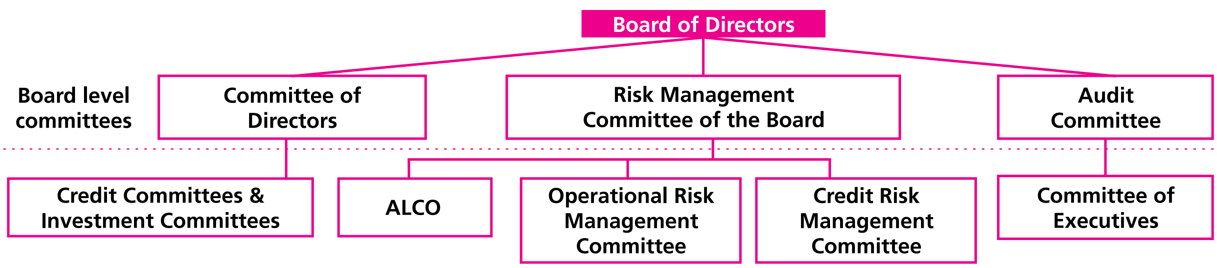
Capital Adequacy Ratios	Consolidated	Standalone
Common Equity Tier – 1 CRAR	12.75%	12.62%
Tier – 1 CRAR	12.75%	12.62%
Total CRAR	16.30%	16.07%

III. RISK MANAGEMENT: OBJECTIVES AND ORGANISATION STRUCTURE

The wide variety of businesses undertaken by the Bank requires it to identify, measure, control, monitor and report risks effectively. The key components of the Bank's risk management rely on the risk governance architecture, comprehensive processes and internal control mechanism based on approved policies and guidelines. The Bank's risk governance architecture focuses on the key areas of risk such as credit, market (including liquidity) and operational risk and quantification of these risks, wherever possible, for effective and continuous monitoring and control.

Objectives and Policies

The Bank's risk management processes are guided by well-defined policies appropriate for various risk categories, independent risk oversight and periodic monitoring through the sub-committees of the Board of Directors. The Board sets the overall risk appetite and philosophy for the Bank. The Committee of Directors, the Risk Management Committee and the Audit Committee of the Board, which are sub-committees of the Board, review various aspects of risk arising from the businesses of the Bank. Various senior management committees operate within the broad policy framework as illustrated below:

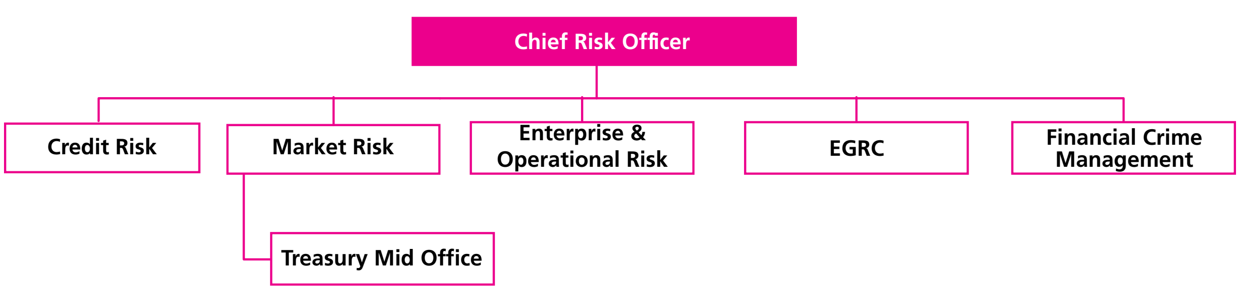


The Bank has put in place policies relating to management of credit risk, market risk, operational risk and asset-liability both for the domestic as well as overseas operations along with overseas subsidiaries as per the respective host regulatory requirements and business needs. The overseas policies are drawn based on the risk perceptions of these economies and the Bank's risk appetite.

The Bank has formulated a comprehensive Stress Testing Policy to measure impact of adverse stress scenarios on the adequacy of capital. The stress scenarios are idiosyncratic, market wide and a combination of both.

Structure and Organisation

The Risk Department reports to the Executive Director and Head (Corporate Centre) and the Risk Management Committee of the Board oversees the functioning of the Department. The Department has five separate teams for Credit Risk, Market Risk (including Treasury Mid Office), Enterprise & Operational Risk, Enterprise Governance Risk and Compliance (EGRC) and Financial Crime Management Unit (FCMU) and the head of each team reports to the Chief Risk Officer.



IV. CREDIT RISK

Credit risk refers to the deterioration in the credit quality of the borrower or the counter-party adversely impacting the financial performance of the Bank. The losses incurred by the Bank in a credit transaction could be due to inability or wilful default of the borrower in honouring the financial commitments to the Bank. The Bank is exposed to credit risk through lending and capital market activities.

Credit Risk Management Policy

The Board of Directors establishes parameters for risk appetite which are defined through strategic business plan as well as the Corporate Credit Policy. Credit Risk Management Policy lays down the roles and responsibilities, risk appetite, key processes and reporting framework. Corporate credit is managed through rating of borrowers and the transaction and thorough risk vetting of individual exposures at origination and thorough periodic review after sanctioning. Retail credit to individuals and small business is managed through definition of product criteria, appropriate credit filters and subsequent portfolio monitoring.

Credit Rating System

The foundation of credit risk management rests on the internal rating system. Rating linked single borrower exposure norms, delegation of powers and review frequency have been adopted by the Bank. The Bank has developed rating tools specific to market segments such as large and mid-corporates, SME, financial companies, microfinance companies and project finance to objectively assess underlying risk associated with such exposures.

The credit rating model uses a combination of quantitative and qualitative inputs to arrive at a 'point-in-time' view of the risk profile of counterparty. Each internal rating grade corresponds to a distinct probability of default over one year. Expert scorecards are used for various SME schematic products and retail agriculture schemes. Statistical application and behavioural scorecards have been developed for all major retail portfolios.

The Bank recognises cash margin, central/state government, bank and corporate guarantees, exclusive mortgage of properties and lease rental securitisation for the purpose of credit enhancement to arrive at a facility rating.

Model validation is carried out annually by objectively assessing the discriminatory power, calibration accuracy and stability of ratings. The Bank has completed the estimation and validation of PD, LGD and CCF models for corporate and retail portfolios.

Credit Sanction and Related Processes

The guiding principles behind the credit sanction process are as under:

- 'Know Your Customer' is a leading principle for all activities.
- The acceptability of credit exposure is primarily based on the sustainability and adequacy of borrower's normal business operations and not based solely on the availability of security.

The Bank has put in place a hierarchical committee structure based on the size and rating of the exposures for credit sanction and review; with sanctioning authority rested with higher level committees for larger and lesser rated exposures. Committee of Directors (COD) is the topmost committee in the hierarchy which is a sub-committee of the Board.

All management level sanctioning committees require mandatory presence of a representative from Risk Department for quorum.

Review and Monitoring

- All credit exposures, once approved, are monitored and reviewed periodically against the approved limits. Borrowers with lower credit rating are subject to more frequent reviews.
- Credit audit involves independent review of credit risk assessment, compliance with internal policies of the Bank and with the regulatory framework, compliance of sanction terms and conditions and effectiveness of loan administration.
- Customers with emerging credit problems are identified early and classified accordingly. Remedial action is initiated promptly to minimize the potential loss to the Bank.

Concentration Risk

The Bank manages concentration risk by means of appropriate structural limits and borrower-wise limits based on credit-worthiness. Credit concentration in the Bank's portfolios is monitored for the following:

- Large exposures to the individual clients or group: The Bank has individual borrower-wise exposure ceilings based on the internal rating of the borrower as well as group-wise borrowing limits which are continuously tracked and monitored.
- Geographic concentration for real estate exposures.
- Concentration of unsecured loans to total loans and advances.
- Concentration by Industry: Industry analysis plays an important part in assessing the concentration risk within the loan portfolio. Industries are classified into various categories based on factors such as demand-supply, input related risks, government policy stance towards the sector and financial strength of the sector in general. Such categorisation is used in determining the expansion strategy for the particular industry.

Portfolio Management

Portfolio level risk analytics and reporting to senior management examines optimal spread of risk across various rating classes, undue risk concentration across any particular industry segments and delinquencies. Borrowers or portfolios are marked for early warning when signs of weakness or financial deterioration are envisaged in order that timely remedial actions may be initiated. In-depth sector specific studies are undertaken on portfolios vulnerable to extraneous shocks and the results are shared with the business departments. The Bank has a well-defined stress testing policy in place and at least on a quarterly basis, stress testing is undertaken on various portfolios to gauge the impact of stress situations on the health of portfolio, profitability and capital adequacy.

A dedicated risk surveillance team supports the Credit Risk team by feeding it and updating it with lead indicators of stress in sectors which includes potential delinquencies, sector updates, negative news on borrower corporate and external rating downgrades.

As regards retail lending, the focus has been on increasing lending to secured portfolios (mortgage, auto), while maintaining a cautious approach to unsecured lending (personal loans and credit card business). The Bank is continuously endeavoring to improve the quality of incremental origination through better credit underwriting standards using improved scorecards. Portfolio delinquency/irregularity trends are monitored periodically.

Definitions and Classification of Non-Performing Assets

Advances are classified into performing and non-performing asset (NPAs) as per RBI guidelines.

A non-performing asset (NPA) is a loan or an advance where;

- interest and/or installment of principal remains overdue for a period of more than 90 days in respect of a term loan,
- the account remains 'out-of-order' for a period of more than 90 days in respect of an Overdraft or Cash Credit (OD/CC),
- the bill remains overdue for a period of more than 90 days in case of bills purchased and discounted,
- a loan granted for short duration crops will be treated as an NPA if the installments of principal or interest thereon remain overdue for two crop seasons,
- a loan granted for long duration crops will be treated as an NPA if the installments of principal or interest thereon remain overdue for one crop season,
- in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.
- the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of guidelines on securitisation dated February 1, 2006.

NPAs are further classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. A sub-standard asset is one, which has remained a NPA for a period less than or equal to 12 months. An asset is classified as doubtful if it has remained in the sub-standard category for more than 12 months. A loss asset is one where loss has been identified by the Bank or internal or external auditors or during RBI inspection but the amount has not been written off fully.

Definition of Impairment

At each balance sheet date, the Bank ascertains if there is any impairment in its assets. If such impairment is detected, the Bank estimates the recoverable amount of the asset. If the recoverable amount of the asset or the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account.

CREDIT RISK EXPOSURES

Total Gross Credit Risk Exposure Including Geographic Distribution of Exposure – Position as on 31st March 2014

(₹ in millions)

	Domestic (Outstanding)	Overseas (Outstanding)	Total
Fund Based	3,069,706	423,062	3,492,768
Non Fund Based *	782,947	148,213	931,160
Total	**3,852,653**	**571,275**	**4,423,928**

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

Distribution of Credit Risk Exposure by Industry Sector – Position as on 31st March 2014

(₹ in millions)

Industry Classification	Amount Fund Based (Outstanding)	Amount Non-Fund Based (Outstanding)
Banking and Finance	313,025	87,101
Beverage and Tobacco	6,495	388
Cement and Cement Products	30,331	4,464
Chemicals and Chemical products	78,400	56,892
- of which Petro Chemicals	17,228	22,615
- of which Drugs and Pharmaceuticals	24,509	8,353
Commercial Real Estate	100,009	11,863
Computer Software	21,919	17,365
Construction	18,319	29,760
Cotton Textiles	40,131	1,956
Edible Oils and Vanaspati	6,836	15,333
Engineering	61,117	112,265
- of which Electronics	4,274	1,179
Entertainment & Media	12,056	15,901
Food Processing	71,683	1,013
Gems and Jewellery	15,065	1,678
Glass and Glassware	4,835	2,395
Infrastructure (excluding Power)	200,129	153,456
- of which Roads and Ports	79,339	17,222
- of which Telecommunications	33,924	34,969
Iron and Steel	76,329	47,335
Jute Textiles	165	3
Leather and Leather Products	1,395	118
Metal and Metal Products	27,954	16,499
Mining and Quarrying (incl. Coal)	20,692	10,841
NBFCs	24,071	14,536
Other Textiles	20,559	2,881
Paper and Paper Products	10,628	2,950
Petroleum Coal Products and Nuclear Fuels	10,350	30,481
Power Generation & Distribution	121,145	121,664
Professional Services	42,274	9,853
Rubber Plastic and their products	12,372	3,148
Shipping Transportation & Logistics	37,430	10,431
Sugar	8,681	2,045
Tea	1,529	813
Trade	125,690	59,591
Vehicles, Vehicle Parts and Transport Equipments	29,926	6,006
Wood and Wood Products	4,483	1,644
Other Industries	178,278	47,520
Residual Exposures	1,758,467	30,971
- of which Other Assets	98,834	-
- of which Banking Book Investments	635,273	-
- of which Retail, Agriculture & Others	1,024,360	30,971
Total	**3,492,768**	**931,160**

As on 31st March 2014, the Bank's exposure to the industries stated below was more than 5% of the total gross credit exposure (outstanding):

Sr. No.	Industry Classification	Percentage of the total gross credit exposure
1.	Banking & Finance	9%
2.	Infrastructure	8%
3.	Power Generation & Distribution	5%

Residual Contractual Maturity Breakdown of Assets – Position as on 31st March 2014*

(₹ in millions)

Maturity Bucket	Cash	Balances with RBI	Balances with other banks#	Investments	Advances	Fixed Assets	Other assets
1 day	41,647	30,630	25,156	77,165	26,460	-	1,978
2 to 7 days	-	1,563	51,579	48,756	22,227	-	14,017
8 to 14 days	-	2,894	1,318	27,464	7,572	-	8,053
15 to 28 days	-	2,783	1,540	26,646	20,783	-	20,102
29 days to 3 months	-	8,285	8,138	74,826	92,957	-	1,910
Over 3 months and upto 6 months	-	10,327	11,764	100,647	85,660	-	9,515
Over 6 months and upto 12 months	-	15,004	7,460	128,173	152,072	-	7,256
Over 1 year and upto 3 years	-	11,774	12,393	181,544	539,045	-	4,037
Over 3 years and upto 5 years	-	6,949	-	91,448	292,378	-	144
Over 5 years	-	38,558	-	384,559	1,086,683	24,488	32,916
Total	**41,647**	**128,767**	**119,348**	**1,141,228**	**2,325,837**	**24,488**	**99,928**

* Intra-group adjustments are excluded

including money at call and short notice

Movement of NPAs and Provision for NPAs (including NPIs) – Position as on 31st March 2014

(₹ in millions)

	Particulars	Amount
A.	**Amount of NPAs (Gross)***	31,464
	- Substandard	10,915
	- Doubtful 1	2,604
	- Doubtful 2	4,814
	- Doubtful 3	710
	- Loss	12,421

(₹ in millions)

	Particulars	Amount
B.	**Net NPAs**	10,246
C.	**NPA Ratios**	
	- Gross NPAs (including NPIs) to gross advances (%)	1.34%
	- Net NPAs (including NPIs) to net advances (%)	0.44%
D.	**Movement of NPAs (Gross)**	
	- Opening balance as on 1st April 2013	23,934
	- Additions	25,476
	- Reductions	17,946
	- Closing balance as on 31st March 2014	31,464
E.	**Movement of Provision for NPAs**	
	- Opening balance as on 1st April 2013	16,560
	- Provision made in 2013-14#	12,893
	- Transfer from restructuring provision	537
	- Write-offs/Write-back of excess provision	(9,127)
	- Closing balance as on 31st March 2014	20,863

* includes ₹1 million outstanding under application money classified as non-performing asset.

includes ₹17 million due to effect of exchange rate fluctuation.

NPIs and Movement of Provision for Depreciation on Investments – Position as on 31st March 2014

(₹ in millions)

		Amount
A.	Amount of Non-Performing Investments	1,449
	Amount of Non-Performing Investments - Others*	0.8
B.	Amount of Provision held for Non-performing investments	1,241
	Amount of Provision held for Non-performing investments - Others*	-
C.	Movement of provision for depreciation on investments	
	- Opening balance as on 1st April 2013	2,236
	- Provision made in 2013-14	534
	- Write-offs/Write-back of excess provision	(1,537)
	- Closing balance as on 31st March 2014	1,233

* represents amount outstanding under application money classified as non-performing asset.

Credit Risk: Use of Rating Agency under the Standardised Approach

The RBI guidelines on capital adequacy require banks to use ratings assigned by specified External Credit Assessment Agencies (ECAIs) namely Brickworks, CARE, CRISIL, ICRA, India Ratings and SMERA for domestic counterparties and Standard & Poor's, Moody's and Fitch for foreign counterparties.

The Bank is using issuer ratings and short-term and long-term instrument/bank facilities' ratings which are assigned by the accredited rating agencies viz. Brickworks, CARE, CRISIL, ICRA, India Ratings and SMERA and published in the public domain to assign risk-weights in terms of RBI guidelines. In respect of claims on non-resident corporates and foreign banks, ratings assigned by international rating agencies i.e. Standard & Poor's, Moody's and Fitch is used. For exposures with contractual maturity of less than one year, a short-term rating is used. For cash credit facilities and exposures with contractual maturity of more than one year, long-term rating is used.

Issue ratings would be used if the Bank has an exposure in the rated issue and this would include fund-based and non-fund based working capital facilities as well as loans and investments. In case the Bank does not have exposure in a rated issue, the Bank would use the issue rating for its comparable unrated exposures to the same borrower, provided that the Bank's exposures are pari-passu or senior and of similar or lesser maturity as compared to the rated issue. Structured Obligation (SO) ratings are not used unless the Bank has a direct exposure in the 'SO' rated issue. If an issuer has a long-term or short-term exposure with an external rating that warrants a risk weight of 150%, all unrated claims on the same counterparty, whether short-term or long-term, also receive 150% risk weight, unless the Bank uses recognised credit risk mitigation techniques for such claims.

Issuer ratings provide an opinion on the general credit worthiness of the rated entities in relation to their senior unsecured obligations. Therefore, issuer ratings would be directly used to assign risk-weight to unrated exposures of the same borrower.

Details of Gross Credit Risk Exposure (Fund based and Non-fund based) based on Risk-Weight – Position as on 31st March 2014

(₹ in millions)

	Amount
Below 100% risk weight	2,779,879
100% risk weight	1,209,363
More than 100% risk weight	434,686
Deduction from capital funds	-

V. CREDIT RISK MITIGATION

The Bank uses various collaterals both financial as well as non-financial, guarantees and credit insurance as credit risk mitigants. The main financial collaterals include bank deposits, National Savings Certificate/Kisan Vikas Patra/Life Insurance Policy and gold, while main non-financial collaterals include land and building, plant and machinery, residential and commercial mortgages. The guarantees include guarantees given by corporate, bank and personal guarantees. This also includes loans and advances guaranteed by Export Credit & Guarantee Corporation Limited (ECGC), Credit Guarantee Fund Trust for Small Industries (CGTSI), Central Government and State Government.

The Bank has in place a collateral management policy, which underlines the eligibility requirements for Credit Risk Mitigants (CRM) for capital computation as per Basel III guidelines. The Bank reduces its credit exposure to counterparty with the value of eligible financial collateral to take account of the risk mitigating effect of the collateral. To account for the volatility in the value of collateral, haircut is applied based on the type, issuer, maturity, rating and re-margining/revaluation frequency of the collateral. The Bank revalues various financial collaterals at varied frequency depending on the type of collateral. The Bank has a valuation policy that covers processes for collateral valuation and empanelment of valuers.

Details of Total Credit Exposure (after on or off Balance Sheet Netting) as on 31st March 2014

(₹ in millions)

	Amount
Covered by :	
- Eligible financial collaterals after application of haircuts	130,850
- Guarantees/credit derivatives	109,044

VI. SECURITISATION

The primary objectives for undertaking securitisation activity by the Bank are enhancing liquidity, optimisation of usage of capital and churning of the assets as part of risk management strategy.

The securitisation of assets generally being undertaken by the Bank is on the basis of 'True Sale', which provides 100% protection to the Bank from default. All risks in the securitised portfolio are transferred to a Special Purpose Vehicle (SPV), except where the Bank provides sub-ordination of cash flows to Senior Pass-Through Certificate (PTC) holders by retaining the junior tranche of the securitised pool. The Bank has not sponsored any special purpose vehicle which is required to be consolidated in the consolidated financial statements as per accounting norms.

The Bank may also invest in securitised instruments which offer attractive risk adjusted returns. The Bank enters into purchase/sale of corporate and retail loans through direct assignment/SPV. In most cases, post securitisation, the Bank continues to service the loans transferred to the assignee/SPV. The Bank however does not follow the originate to distribute model and pipeline and warehousing risk is not material to the Bank.

Valuation of securitised exposures is carried out in accordance with the Fixed Income Money Market and Derivatives Association (FIMMDA)/RBI guidelines. Gain on securitisation is recognised over the period of the underlying securities issued by the SPV. Loss on securitisation is immediately debited to profit and loss account. In respect of credit enhancements provided or recourse obligations (projected delinquencies, future servicing etc.) accepted by the Bank, appropriate provision/disclosure is made at the time of sale in accordance with AS-29 'Provisions, contingent liabilities and contingent assets'.

The Bank follows the standardized approach prescribed by the RBI for the securitisation activities. The Bank uses the ratings assigned by various external credit rating agencies viz. Brickworks, CARE, CRISIL, ICRA, India Ratings and SMERA for its securitisation exposures.

All transfers of assets under securitisation were effected on true sale basis. However, in the financial year ended 31st March 2014, the Bank has not securitised any asset.

A. Banking Book

Details of Exposure Securitised by the Bank and subject to Securitisation Framework

(₹ in millions)

Sr. No.	Type of Securitisation	Amount
i	Total amount of exposures securitised	-
ii	Losses recognised by the Bank during the current period	-
iii	Amount of assets intended to be securitised within a year	-
	Of which	
	- Amount of assets originated within a year before securitisation	-
iv	Amount of exposures securitised	
	- Corporate Loans	-
v	Unrecognised gain or losses on sale	
	- Corporate Loans	-

Aggregate amount of Securitisation Exposures Retained or Purchased as on 31st March 2014 is given below

(₹ in millions)

Sr. No.	Type of Securitisation	On Balance Sheet	Off Balance Sheet
i	Retained	-	-
ii	Securities purchased	-	-
iii	Liquidity facility	-	-
iv	Credit enhancement (cash collateral)	-	-
v	Other commitments	-	-

Risk-weight wise Bucket Details of the Securitisation Exposures on the Basis of Book-Value

(₹ in millions)

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

B. Trading Book

Details of Exposure Securitised by the Bank and subject to Securitisation Framework

(₹ in millions)

Sr. No.	Type of Securitisation	Amount
i	Aggregate amount of exposures securitised by the Bank for which the Bank has retained some exposures and which is subject to the market risk approach	-

Aggregate amount of Securitisation Exposures Retained or Purchased as on 31st March 2014 is given below

(₹ in millions)

Sr. No.	Type of Securitisation	On Balance Sheet*	Off Balance Sheet
i	Retained	-	-
ii	Securities purchased		
	- Corporate Loans	2,118	-
	- Retail Auto Loans	16,901	-
	- Retail Micro Loans	4,434	-
iii	Liquidity facility	-	-
iv	Credit enhancement (cash collateral)	-	-
v	Other commitments	-	-

* includes outstanding balance of PTCs purchased in earlier years also

Risk-weight wise Bucket Details of the Securitisation Exposures on the Basis of Book-Value

(₹ in millions)

		Amount	Capital charge
i	Exposures subject to Comprehensive Risk Measure for specific risk		
	- Retained	-	-
	- Securities purchased	-	-
ii	Exposures subject to the securitisation framework for specific risk		
	Below 100% risk weight	23,453	837
	100% risk weight	-	-
	More than 100% risk weight	-	-
iii	Deductions		
	- Entirely from Tier I capital	-	-
	- Credit enhancing I/Os deducted from Total Capital	-	-
	- Credit enhancement (cash collateral)	-	-

VII. MARKET RISK IN TRADING BOOK

Market risk is the risk of loss to the Bank's earnings and capital due to changes in the market level of interest rates, price of securities, foreign exchange rates and equities' price, as well as the volatilities of those changes. The Bank is exposed to market risk through its investment activities and also trading activities, which are undertaken for customers as well as on a proprietary basis. The Bank adopts a comprehensive approach to market risk management for its trading, investment and asset/liability portfolios. For market risk management, the Bank has:

- Board approved market risk policies and guidelines which are aligned to the regulatory guidelines and based on experiences gained over the years. The policies are reviewed periodically keeping in view regulatory changes, business requirements and market developments.
- Process manual which are updated regularly to incorporate and document the best practices.
- Market risk identification through elaborate mapping of the Bank's main businesses to various market risks.
- Statistical measures like Value at Risk (VaR), supplemented by stress tests, back tests and scenario analysis.
- Non-statistical measures like position limits, marked-to-market (MTM), gaps and sensitivities (mark-to-market, position limits, duration, PVBP, option Greeks).
- Management Information System (MIS) for timely market risk reporting to senior management functionaries. Key risk metrics are presented to the Risk Management Committee of the Board through Risk Dash-Boards.

Risk limits such as position limits, stop-loss limits, alarm limits, gaps and sensitivities (duration, PVBP, option Greeks) are set up and reviewed periodically, based on a number of criteria including regulatory guidelines, relevant market analysis, business strategy, size of the investment and trading portfolio, management experience and the Bank's risk appetite. These limits are monitored on an intra-day/daily basis by the Treasury Mid-office and the exceptions are put up to ALCO and Risk Management Committee of the Board.

The Bank uses Historical Simulation and its variants for computing VaR for its trading portfolio. VaR is calculated and reported on a daily basis for the trading portfolios at a 99% confidence level for a one-day holding period, using 250 days of historical data or one year of relative changes in historical rates and prices. The model assumes that the risk factor changes observed in the past are a good estimate of those likely to occur in the future and is, therefore, limited by the relevance of the historical data used. The method, however, does not make any assumption about the nature or type of the loss distribution. The VaR models for different portfolios are back-tested at regular intervals and the results are used to maintain and improve the efficacy of the model.

The VaR measure is supplemented by a series of stress tests and sensitivity analysis that estimates the likely behaviour of a portfolio under extreme but plausible conditions and its impact on earnings and capital. The Bank undertakes stress tests for market risks for its trading book, IRS, forex open position and forex gaps on a monthly basis as well as for liquidity risk at the end of each quarter. The Bank has built its capabilities to migrate to advanced approach i.e. Internal Models Approach for assessment of market risk capital.

Concentration Risk

The Bank has allocated the internal risk limits in order to avoid concentrations, wherever relevant. For example, the Aggregate Gap Limit, Net Open Position and daylight limits are allocated to various currencies and maturities into Individual Gap Limits to monitor concentrations. Similarly, stop-loss limits and duration limits have been set up for different categories within a portfolio. Within the overall PV01 limit, a sub limit is set up which is not expected to be breached by trades linked to any individual benchmark. Some of the limits like currency-wise net open position, stop loss limits and PV01 limits are allocated dealer-wise also, based on their skill and experience, to avoid build up of positions in a single dealer's book.

Liquidity Risk

Liquidity Risk is the current and prospective risk to earnings or capital arising from a bank's inability to meet its current or future obligations on the due date. Liquidity risk is two-dimensional viz., risk of being unable to fund portfolio of assets at appropriate maturity and rates (liability dimension) and the risk of being unable to liquidate an asset in a timely manner at a reasonable price (asset dimension).

The goal of Liquidity Risk Management is to meet all commitments on the due date and also be able to fund new investment opportunities by raising sufficient funds in the form of increasing fresh liabilities or by expeditious asset sell-off without incurring unacceptable losses, both under normal and adverse conditions. These objectives are ensured by setting up policies, operational level committees, measurement tools and monitoring and reporting mechanism using effective use of IT systems for availability of quality data.

The Bank manages its liquidity on a static as well as dynamic basis using various tools such as gap analysis, ratio analysis, dynamic liquidity statements and scenario analysis. The Bank's ALM policy defines the tolerance limits for its structural liquidity position. The Liquidity Policy for the domestic operations as well as for the overseas branches lay down the operational framework for prudent risk management in the Bank. The liquidity profile of the Bank is analysed on a static basis by tracking all cash inflows and outflows in the maturity ladder based on the actual maturity and expected occurrence (for non-maturity items) of cash flows. The liquidity profile of the Bank is also estimated on a dynamic basis by considering the growth in deposits and loans, investment obligations, etc. for a short-term period of three months. The Bank undertakes behavioral analysis of the non-maturity products viz. savings and current deposits and cash credit/ overdraft accounts on a periodic basis, to ascertain the volatility of residual balances in those accounts. The renewal pattern and premature withdrawals of term deposits and drawdown of unavailed credit limits are also captured through behavioral studies. The concentration of large deposits is monitored on a periodic basis.

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

Counterparty Risk

The Bank has a Counterparty Risk Management Policy incorporating well laid-down guidelines, processes and measures for counterparty risk management. The policy includes separate counterparty rating models for commercial banks, foreign banks and co-operative banks for determining maximum permissible exposure limits for counterparties. The key financials, quality of management and the level of corporate governance are captured in the counterparty rating model. Counterparty limits are monitored and reported daily and internal triggers have been put in place to guard against breach in limits. Credit exposures to issuer of bonds, advances etc. are monitored separately under the prudential norms for exposure to a single borrower as per the Bank's Corporate Credit Risk Policy or Investment Policy, as applicable. The counterparty exposure limits are reviewed at periodic intervals based on the financials of the counterparties, business need, past transaction experiences and market conditions. The Bank has also put in place the 'Suitability & Appropriateness Policy' and Loan Equivalent Risk (LER) Policy to evaluate counterparty risk arising out of all customer derivatives contracts.

Country Risk

The Bank has a country risk management policy containing the guidelines, systems and processes to effectively identify, assess, monitor and control its country risk exposures. Based on the risk profiling, countries are classified under seven categories i.e. insignificant, low, moderate, high, very high, restricted and off-credit. Risk profiling is based on the ratings provided by Export Credit Guarantee Corporation of India Ltd. (ECGC), Dun & Bradstreet, inputs received from overseas branches/business departments, reports published by various agencies viz. Moody's, Standard & Poor's, Fitch and other publications of repute. The categorisation of countries is reviewed at quarterly intervals or at more frequent intervals if situations so warrant. An exposure to a country comprises all assets, both funded and non-funded, that represents claims on residents of another country. The Bank has in place both category wise and country wise exposure limits. The Bank monitors country risk exposures through a process of trigger limits as well as prior approval system for select categories viz. high, very high, restricted and off-credit to ensure effective monitoring and management of exposures. As a proactive measure of country risk management, Risk department issues 'Rating Watch' from time to time. Further, based on country-specific developments, the concerned business departments are provided updates on countries which have high probability of a rating downgrade.

Risk Management Framework for Overseas Operations

The Bank has put in place separate risk management policies for each of its overseas branches in Singapore, Hong Kong, Dubai, Colombo and Shanghai. These country-specific risk policies are based on the host country regulators' guidelines and in line with the practices followed for the Indian operations. The Asset Liability Management and all the risk exposures for the overseas operations are monitored centrally at the Corporate Office.

Capital Requirement for Market Risk – Position as on 31st March 2014

(₹ in millions)

Type	Amount of Capital Required
Interest rate risk	16,176
Equity position risk	1,653
Foreign exchange risk (including gold)	451

VIII. OPERATIONAL RISK

Strategies and Processes

Operational Risk (OR) is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risk management policy documents the Bank's approach towards management of operational risk and defines the roles and responsibilities of the various stakeholders within the Bank. The policy also comprises the detailed framework for operational risk loss data collection, risk and control self-assessment and key risk indicator framework.

Based on the above policy the Bank has initiated several measures to manage operational risk. The Bank has put in place a hierarchical structure to effectively manage operational risk through the formation of several internal committees viz., Operational Risk Management Committee, Product Management Committee, Change Management Committee, Outsourcing Committee, Software Evaluation Committee and IT Security Committee. The functioning of these committees has stabilised.

Structure and Organisation

The Risk Management Committee (RMC) of the Board at the apex level is the policy making body. The RMC is supported by the Operational Risk Management Committee (ORMC), consisting of Senior Management personnel, which is responsible for implementation of the Operational Risk policies of the Bank. This internal committee oversees the implementation of the OR framework and oversees the management of operational risks across the Bank. A sub-committee of ORMC (Sub-ORMC) has been constituted to assist the ORMC in discharging its functions by deliberating the operational risk issues in detail and escalating the critical issues to ORMC. The Operational Risk function, a distinct unit reporting to the Chief Risk Officer of the Bank, ensures implementation of the procedures for management of operational risk. A representative of the Risk department is also a permanent member of control committees on product management covering approval of new products, change management of processes, outsourcing, software evaluation and IT Security.

The bank has a Financial Crime Management Unit (FCMU), within Risk Department, for dealing with the entire range of financial crimes in the Bank. The Bank's transaction monitoring activities from AML and fraud perspective are handled by FCMU. Head-FCMU is the Principal Officer (Money Laundering Reporting Officer) of the Bank. FCMU has three teams: AML, Continuous Offsite Monitoring and Surveillance and Fraud Risk Management.

Scope and Nature of Operational Risk Reporting and Measurement Systems

A systematic process for reporting risks, losses and non-compliance issues relating to operational risks has been developed and implemented. The information gathered is being used to develop triggers to initiate corrective actions to improve controls. All critical risks and potential loss events are reported to the Senior Management/ORMC.

The Bank has further enhanced its capability for effective management of operational risk with the implementation of an Enterprise Governance Risk and Compliance platform (SAS-EGRC). The IT platform would act as the single repository of processes and operational, compliance and financial reporting risks. It facilitates capturing of individual risks and the effectiveness of their controls, tagging of identified risks to processes and products, originates action plans and acts as a repository of all operational risk events. The roll out of the SAS-EGRC system has been completed. A management dashboard template is also being designed as an output.

Policies for Hedging and Mitigating Operational risk

An Operational Risk Management Policy approved by the Risk Management Committee of the Board details the framework for managing and monitoring operational risk in the Bank. Business units put in place basic internal controls as approved by the Product Management Committee to ensure appropriate controls in the operating environment throughout the Bank. As per the policy, all new products are being vetted by the Product Management Committee to identify and assess potential operational risks involved and suggest control measures to mitigate the risks. Each new product or service introduced is subject to a risk review and sign-off process. Similarly, any changes to the existing products/processes are being vetted by the Change Management Committee.

The Bank has adopted specific policies on Business Continuity Management and IT Disaster Recovery. The Bank has framed processes for identification of non-IT BCP teams, conducting training and awareness sessions, handling loss or inaccessibility of staff, identifying backup personnel for critical positions, identifying alternative premises and coordination of contingency plans at the Bank level.

Approach for Operational Risk Capital Assessment

As per the RBI guidelines, the Bank has followed the Basic Indicator Approach for computing the capital for operational risk for the year ending 31st March 2014. Based on the measures outlined above, the Bank is preparing itself for migration to the Advanced Measurement Approach of capital computation for operational risk under Basel III.

IX. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Interest Rate Risk in the Banking Book is measured and monitored according to the guidelines laid out in the Bank's Asset Liability Management (ALM) Policy based on the guidelines of RBI presented in the document "Guidelines on Banks' Asset Liability Management Framework – Interest Rate Risk" dated 4th November 2010. Interest Rate Risk is measured for the (a) entire balance sheet and (b) banking book only through Earnings at Risk and Market Value of Equity Approach as described below.

The Bank employs Earnings at Risk (EaR) measures to assess the sensitivity of its net interest income to parallel movement in interest rates over the 1 year horizon. The Bank measures the level of its exposure of the present value of all assets and liabilities to interest rate risk in terms of sensitivity of Market Value of its Equity (MVE) to interest rate movements as stipulated in the relevant RBI guidelines. Computation of EaR and MVE is done through the ALM software used by the Bank. The Bank prepares Structural Liquidity reports and Interest Rate Sensitivity reports for domestic operations on the daily basis which are reviewed against Regulatory and Internal limits. Internal limits have been established for (a) Earnings at Risk for a 1% parallel shift in interest rates over the horizon of 1 year, and (b) 2% parallel shift in interest rates for Market Value of Equity impact which are reported monthly to ALCO. Any review of the internal interest rate risk limits is approved by the ALCO and is ratified by the Risk Management Committee of the Board.

Interest Rate Risk for Banking Book from both Earnings at Risk perspective as well as Market Value of Equity perspective is computed and reported quarterly in the Stress Testing results of the Bank. Stress testing results are submitted to the Risk Management Committee of the Board as well as the senior management of the Bank for their review.

Interest Rate Risk bucketing of non-maturity based Liability items is based on the Behavioral Analysis policy approved by the ALCO for identification of core and non-core components. Behavioral Analysis is conducted annually by the Bank as well as back tested subsequently. Historical trends in (product-wise) daily aggregate balances and their associated volatilities in non-maturity based items over a time period of past 3 years are used to estimate the likelihood of the drop in balances over specified time intervals. The confidence level for the analysis is considered at 85%, which corresponds to one standard deviation over the mean. 85% confidence level is considered adequate as the structural liquidity analysis is done on a daily basis. Bucketing rules of core and non-core portions in the interest rate sensitivity statements are laid out in the ALM policy. The Bank does not use any assumptions for prepayment of loans for preparation of interest rate risk sensitivity reports.

The findings of the various IRRBB measures are submitted to the ALCO, which is the apex committee for providing strategic guidance and direction for the ALM measures.

Details of increase/(decrease) in earnings and economic value for upward and downward rate shocks based on balance sheet as on 31st March 2014 are given below:

Earnings Perspective

(₹ in millions)

Currency	Interest Rate Shock	
	+200bps	-200bps
INR	12,472	(12,472)
USD	1,979	(1,979)
Residual	249	(249)
Total	**14,700**	**(14,700)**

Economic Value Perspective

(₹ in millions)

Currency	Interest Rate Shock	
	+200bps	-200bps
INR	22,181	(22,181)
USD	5,506	(5,506)
Residual	443	(443)
Total	**28,130**	**(28,130)**

Note: Interest Rate Risk in Banking Book is computed only for banks/bank like entities where the inherent business is maturity transformation of assets and liabilities, thereby resulting in interest rate mismatch. Other subsidiaries whose core business is not banking activity, IRRBB need not be computed.

X. EXPOSURES RELATED TO COUNTERPARTY CREDIT RISK

The Bank has a Counterparty Risk Management Policy incorporating well laid-down guidelines, processes and measures for counterparty risk management. The policy includes separate counterparty rating models for commercial banks, foreign banks and co-operative banks for determining maximum permissible limits for counterparties. Counterparty limits are monitored daily and internal triggers are put in place to guard against breach in limits. Credit exposures to issuer of bonds, advances etc. are monitored separately under the prudential norms for exposure to a single borrower as per the Bank's Corporate Credit Risk Policy or Investment Policy, as applicable. The counterparty exposure limits are reviewed at periodic intervals based on financials of the counterparties, business need, past transaction experiences and market conditions. The Bank has also put in place the "Suitability & Appropriateness Policy" and Loan Equivalent Risk (LER) Policy to evaluate counterparty risk arising out of all customer derivatives contracts.

Methodology used to assign economic capital and credit limits for counterparty credit exposures

The Bank currently does not assign economic capital for its counterparty credit exposures. The Bank has adopted a methodology of computing economic capital within the framework of Individual Capital Adequacy Assessment Process (ICAAP) and assesses the economic capital requirement within this framework. The Bank is adequately capitalized in terms of projected growth for the next three years and has sufficient capital buffer to account for Pillar II risks.

The Bank has set up credit limits for counterparty credit exposures in consonance with the regulatory guidelines and as per the Board approved internal policies. The Bank has a Counterparty Risk Management Policy incorporating the rating models for Banks/Financial Institutions for determining maximum permissible limits. Counterparty limits are monitored daily and internal triggers are put in place to guard against breach in limits. Credit exposures to issuer of bonds, advances etc. are monitored separately under the prudential norms for exposure to a single borrower as per the Bank's Corporate Credit Risk Policy or Investment Policy, as applicable. The counterparty exposure limits are reviewed at periodic intervals based on changes in the financials of the counterparty, business needs, past transaction experiences and market conditions. The Bank has put in place the "Suitability & Appropriateness Policy" and Loan Equivalent Risk (LER) Policy to evaluate counterparty risk arising out of all customer derivatives contracts.

Policies for securing collateral and establishing credit reserves

The Bank has a policy framework through its Credit Risk Management policy and Collateral Management Policy which stipulates the eligible credit risk mitigants and management thereof. The Bank has adopted the Comprehensive Approach as suggested by RBI, which allows fuller offset of collateral against exposures, by effectively reducing the exposure amount by the value ascribed to the collateral. Under this approach, the Bank takes eligible financial collateral (e.g., cash or securities) on an account-by-account basis, to reduce the credit exposure to counterparty while calculating the capital requirements to take account of the risk mitigating effect of the collateral. The Bank also has a well-defined NPA management & recovery policy for establishing credit reserves on a prudential basis apart from being in consonance with the regulatory guidelines.

Policies with respect to wrong-way risk exposures

Wrong way risk associated with counterparty credit exposures can be of two types – General i.e. when the PD of counterparties is positively correlated with general market risk factors and Specific i.e. when the exposure to a particular counterparty and the PD of the counterparty providing credit risk mitigation for the exposure are highly correlated. The Bank currently does not have a complete policy framework to address the wrong way risk. In the interim, the general wrong way risk is taken care of through monitoring of concentration of counterparty credit exposures on account of derivatives. Also as per the credit risk management policy, collaterals whose values have a material positive correlation with the credit quality of the borrower is likely to provide little or no credit protection during stress, are not recognized for credit enhancement, thus mitigating any specific wrong way risk.

Impact of the amount of collateral the Bank would have to provide given a credit rating downgrade

The Bank currently assesses the liquidity impact and related costs of a possible downgrade as part of the bank-wide stress testing exercise. The Bank has already adopted Credit Value Adjustment (CVA) based on the regulatory guidelines on the asset side for capital computation purposes. The current regulatory guidelines do not require estimation of changes in collateral requirement in case of a likely rating downgrade of a Bank and the Bank also does not make such an assessment currently. However, the Bank is in the process of developing an internal methodology to estimate the changes in liabilities to counterparties in the event of its rating downgrade.

Quantitative Disclosures

(₹ in millions)

Particulars	IRS/CCS/FRA	OPTIONS
Gross Positive Fair Value of Contracts	94,595	2,865
Netting Benefits	-	-
Netted Current Credit Exposure	94,595	2,865
Collateral held (e.g. Cash, G-sec, etc.)	-	-
Net Derivatives Credit Exposure	94,595	2,865
Exposure amount (under CEM)	193,620	5,905
Notional value of Credit Derivative hedges	-	-
Credit derivative transactions that create exposures to CCR	-	-

XI. COMPOSITION OF CAPITAL

(₹ in millions)

Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
	Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	163,772		A1+A2
2	Retained earnings	216,689		B1+B2+B3+ B4+B5
3	Accumulated other comprehensive income (and other reserves)	-		
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-		
	Public sector capital injections grandfathered until 1 January 2018	-		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-		
6	**Common Equity Tier 1 capital before regulatory adjustments**	**380,461**		
	Common Equity Tier 1 capital: regulatory adjustments			
7	Prudential valuation adjustments	-		
8	Goodwill (net of related tax liability)	-		
9	Intangibles other than mortgage-servicing rights (net of related tax liability)	-		
10	Deferred tax assets	6,965	10,448	E1-E2
11	Cash-flow hedge reserve	-		
12	Shortfall of provisions to expected losses	-		
13	Securitisation gain on sale	-		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-		
15	Defined-benefit pension fund net assets	-		
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-		
17	Reciprocal cross-holdings in common equity	12	19	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital (amount above 10% threshold)	-		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-		
20	Mortgage servicing rights (amount above 10% threshold)	-		

(₹ *in millions)*

Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-		
22	Amount exceeding the 15% threshold	-		
23	*of which:* significant investments in the common stock of financial entities	-		
24	*of which:* mortgage servicing rights	-		
25	*of which:* deferred tax assets arising from temporary differences	-		
26	National specific regulatory adjustments(26a+26b+26c+26d)	-		
26a	*of which:* Investments in the equity capital of the unconsolidated insurance subsidiaries	-		
26b	*of which:* Investments in the equity capital of unconsolidated non-financial subsidiaries	-		
26c	*of which:* Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-		
26d	*of which:* Unamortised pension funds expenditures	-		
	Regulatory Adjustments Applied to Common Equity Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which: [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)	-		
	of which: [INSERT TYPE OF ADJUSTMENT]			
	of which: [INSERT TYPE OF ADJUSTMENT]			
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	6,486		
28	**Total regulatory adjustments to Common equity Tier 1**	**13,463**		
29	**Common Equity Tier 1 capital (CET 1)**	**366,998**		
	Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-		
31	*of which:* classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-		
32	*of which:* classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-		
33	Directly issued capital instruments subject to phase out from Additional Tier 1	3,962		D1
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-		
35	*of which: instruments issued by subsidiaries subject to phase out*	-		
36	**Additional Tier 1 capital before regulatory adjustments**	**3,962**		

(₹ *in millions)*

Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
Additional Tier 1 capital: regulatory adjustments				
37	Investments in own Additional Tier 1 instruments	-		
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
41	National specific regulatory adjustments (41a+41b)	-		
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-		
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-		
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	10,448		
	of which: DTA	10,448		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-		
43	**Total regulatory adjustments to Additional Tier 1 capital**	**10,448**		
44	**Additional Tier 1 capital (AT1)**	**(6,486)**		
44a	**Additional Tier 1 capital reckoned for capital adequacy**	**-**		
45	**Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)**	**366,998**		
Tier 2 capital: instruments and provisions				
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-		
47	Directly issued capital instruments subject to phase out from Tier 2	88,020		D1
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-		
49	*of which: instruments issued by subsidiaries subject to phase out*	-		
50	Provisions	14,110		F1+F2+F3+F4
51	**Tier 2 capital before regulatory adjustments**	**102,130**		

(₹ in millions)

Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
	Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	-		
53	Reciprocal cross-holdings in Tier 2 instruments	86	129	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-		
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-		
56	National specific regulatory adjustments (56a+56b)	-		
56a	*of which:* Investments in the Tier 2 capital of unconsolidated subsidiaries	-		
56b	*of which:* Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-		
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	-		
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	-		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
57	**Total regulatory adjustments to Tier 2 capital**	**86**		
58	**Tier 2 capital (T2)**	**102,044**		
58a	**Tier 2 capital reckoned for capital adequacy**	102,044		
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	-		
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	102,044		
59	**Total capital (TC = T1 + T2) (45 + 58c)**	**469,042**		
	Risk Weighted Assets in respect of Amounts Subject to Pre-Basel III Treatment	1,368		
	of which: [INSERT TYPE OF ADJUSTMENT]	-		
	of which: …	-		
60	**Total risk weighted assets (60a + 60b + 60c)**	**2,878,256**		
60a	*of which: total credit risk weighted assets*	2,452,904		
60b	*of which: total market risk weighted assets*	203,111		
60c	*of which: total operational risk weighted assets*	222,241		
	Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	12.75%		
62	Tier 1 (as a percentage of risk weighted assets)	12.75%		

(₹ in millions)

Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
63	Total capital (as a percentage of risk weighted assets)	16.30%		
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	5.00%		
65	*of which:* capital conservation buffer requirement	0.00%		
66	*of which:* bank specific countercyclical buffer requirement	-		
67	*of which:* G-SIB buffer requirement	-		
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	-		
	National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%		
70	National Tier 1 minimum ratio (if different from Basel III minimum)	7.00%		
71	National total capital minimum ratio (if different from Basel III minimum)	9.00%		
	Amounts below the thresholds for deduction (before risk weighting)			
72	Non-significant investments in the capital of other financial entities	8,767		
73	Significant investments in the common stock of financial entities	390		
74	Mortgage servicing rights (net of related tax liability)	NA		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	NA		
	Applicable caps on the inclusion of provisions in Tier 2			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	14,110		
77	Cap on inclusion of provisions in Tier 2 under standardised approach	30,661		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA		
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA		
	Capital instruments subject to phase-out arrangement *(only applicable between March 31, 2017 and March 31, 2022)*			
80	*Current cap on CET1 instruments subject to phase out arrangements*	NA		
81	*Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)*	NA		

(₹ in millions)

Sr. No.	Particulars	Amount	Amounts Subject to Pre-Basel III Treatment	Reference No.
82	*Current cap on AT1 instruments subject to phase out arrangements*	NA		
83	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	NA		
84	*Current cap on T2 instruments subject to phase out arrangements*	NA		
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*	NA		

* NA – Not Applicable

XII. THE RECONCILIATION OF REGULATORY CAPITAL ITEMS AS ON 31st MARCH 2014 IS GIVEN BELOW:

Step 1

(₹ in millions)

Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
A	**Capital & Liabilities**		
I	Paid-up Capital	4,698	4,698
	Reserves & Surplus	379,262	379,262
	Minority Interest	129	129
	Total Capital	384,089	384,089
II	Deposits	2,805,411	2,805,411
	of which: Deposits from banks	151,555	151,555
	of which: Customer deposits	2,653,856	2,653,856
III	Borrowings	527,392	527,392
	i. Borrowings in India	194,749	194,749
	(a) From RBI	2,790	2,790
	(b) From banks	31,257	31,257
	(c) From other institutions & agencies	160,702	160,702
	ii. Borrowings Outside India	332,643	332,643
	of which: Capital Instruments	124,053	124,053
IV	Other liabilities & provisions	146,608	146,608
	Total	**3,863,500**	**3,863,500**

Step 1 *(₹ in millions)*

Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
B	**Assets**		
I	Cash and balances with Reserve Bank of India	170,413	170,413
	Balance with banks and money at call and short notice	115,408	115,408
II	Investments	1,130,928	1,130,928
	of which: Government securities	696,303	696,303
	of which: Other approved securities	-	-
	of which: Shares	6,874	6,874
	of which: Debentures & Bonds	243,854	243,854
	of which: Subsidiaries/Joint Ventures/Associates	411	411
	of which: Others (Commercial Papers, Mutual Funds etc.)	183,486	183,486
III	Loans and advances	2,323,817	2,323,817
IV	Fixed assets	24,473	24,473
V	Other assets	98,461	98,461
	of which: Goodwill and intangible assets	-	-
	of which: Deferred tax assets (Net)	17,413	17,413
VI	Goodwill on consolidation	-	-
VII	Debit balance in Profit & Loss account	-	-
	Total Assets	**3,863,500**	**3,863,500**

Step 2 *(₹ in millions)*

Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference No.
A	**Capital and Liabilities**			
I	**Paid-up Capital**	**4,698**	**4,698**	A1
	Reserves & Surplus	**379,262**	**379,262**	-
	of which:			
	Statutory Reserve	66,919	66,919	B1
	Share Premium	159,074	159,074	A2
	Investment Reserve Account	1,035	1,035	F1
	General Reserve	3,724	3,724	B2
	Capital Reserve	9,849	9,849	B3
	Foreign Currency Translation Reserve	2,464	2,464	-
	Reserve Fund	185	185	B4
	Balance in Profit/Loss A/c	136,012	136,012	B5
	Minority Interest	**129**	**129**	-
	of which: considered under capital funds	-	-	-
	Total Capital	**384,089**	**384,089**	**-**

Step 2 *(₹ in millions)*

Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference No.
II	**Deposits**	**2,805,411**	**2,805,411**	-
	of which: Deposits from banks	151,555	151,555	-
	of which: Customer deposits	2,653,856	2,653,856	-
III	**Borrowings**	**527,392**	**527,392**	-
	i. Borrowings in India	194,749	194,749	-
	(a) From RBI	2,790	2,790	-
	(b) From banks	31,257	31,257	-
	(c) From other institutions & agencies	160,702	160,702	-
	ii. Borrowings Outside India	332,643	332,643	-
	of which: Capital Instruments	124,053	124,053	D1
IV	**Other liabilities & provisions**	**146,608**	**146,608**	-
	of which: Provision for Standard Advances	12,999	12,999	F2
	of which: Excess Provision on sale of NPA	42	42	F3
	of which: Deferred Tax Liability	255	255	E2
	Total	**3,863,500**	**3,863,500**	
B	**Assets**			
I	Cash and balances with Reserve Bank of India	170,413	170,413	-
	Balance with banks and money at call and short notice	115,408	115,408	-
II	**Investments**	1,130,928	1,130,928	-
	of which: Government securities	696,303	696,303	-
	of which: Other approved securities	-	-	-
	of which: Shares	6,874	6,874	-
	of which: Debentures & Bonds	243,854	243,854	-
	of which: Subsidiaries/Joint Ventures/ Associates	411	411	-
	of which: Others (Commercial Papers, Mutual Funds etc.)	183,486	183,486	-

Step 2 *(₹ in millions)*

Sr. No.	Particulars	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference No.
III	**Loans and advances**	2,323,817	2,323,817	-
	floating provision adjusted in loans & advances	33	33	F4
IV	**Fixed assets**	24,473	24,473	-
V	**Other assets**	98,461	98,461	-
	of which: Goodwill and intangible assets	-	-	-
	of which: Deferred tax assets	17,668	17,668	E1
VI	**Goodwill on consolidation**	-	-	-
VII	**Debit balance in Profit & Loss account**	-	-	-
	Total Assets	**3,863,500**	**3,863,500**	**-**

DF XIII, XIV & XV

Disclosures pertaining to main features of equity and debt instruments, terms and conditions of equity and debt instruments and remuneration of Key Management Personnel have been disclosed separately on the Bank's website under the 'Regulatory Disclosure Section'. The link to this section is as follows:

http://www.axisbank.com/investor-corner/baselIII-disclosures.aspx.

20 years of progress

1994 Dr. Manmohan Singh inaugurates the first branch.

1995 Launches Merchant Banking Services.

1996 Deposits cross ₹ 1,000 crores.

1997 Launches Bank-On-Phone Services.

1998 Introduces ATM Switch, providing online ATM Services, first in India.

1999 Launches Cash Management Services.

2000 Launches Internet services and e-commerce facility.

2001 Deposits cross ₹ 10,000 crores.

2002 Opens 100th branch at Tuticorin, Tamil Nadu.

2003 First Indian bank to launch the Travel Currency Card.

2004 Completes 10 years.

2005 Gets listed on the London Stock Exchange.

2006 Opens first overseas branch in Singapore. Also sets up the Foundation for CSR initiatives.

2007 Rebrands itself from UTI to Axis Bank.

2008 Launches Trustee Services.

2009 Starts Asset Management Company.

2010 Reaches the 1,000 branch mark.

2011 Moves to its new corporate headquarters, Axis House.

2012 Reaches the 10,000 ATM mark. Also launches Axis Capital, a wholly owned subsidiary.

2013 Ranked as the most trusted Private Sector Bank in the ET survey. First bank to launch e-KYC facility.

2014 First Indian Private Sector Bank to set up a branch in China. Also, reports over a billion Dollars in Net Profit for the first time.

AXIS BANK

20 years of progress

At Axis Bank, we believe in Progress!

Progress of customers, employees and stakeholders.

It is something that we stand for, something that inspires us to go that extra mile, for those we support. We believe in leaving no stone unturned in the journey towards progress. It is this belief that has channelled us, to remind us of the various milestones that we have achieved in the last 20 years, because of you. Let us, continue this journey together. Let us *Progress on...*

AXIS BANK

www.axisbank.com

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CIN - L65110GJ1993PLC020769
Tel No. 079 - 26409322; Fax No. 079 - 26409321
Email ID - shareholders@axisbank.com

Corporate Office:
'Axis House', C-2, Wadia International Centre, Pandurang Budhkar
Marg, Worli, Mumbai - 400 025.

AXIS BANK LIMITED

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the members of Axis Bank Limited will be held on Friday, the 27th June, 2014 at 10.00 A.M. at J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2014, Profit & Loss Account and Cash flow statement for the year ended 31st March, 2014 and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri K. N. Prithviraj, who retires by rotation and, being eligible, offers himself for re-appointment as a Director.
3. To appoint a Director in place of Shri V. Srinivasan, who retires by rotation and, being eligible, offers himself for re-appointment as a Director.
4. To declare a dividend on the Equity Shares of the Bank.
5. To consider and pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of the Companies Act, 2013 and the Banking Regulation Act, 1949, S. R. Batliboi & Co. LLP, Chartered Accountants, Mumbai, ICAI Registration Number 301003E, be and are hereby appointed as the Statutory Auditors of the Bank in place of Deloitte Haskins & Sells, the retiring Auditors of the Bank, to hold office from the conclusion of the Twentieth Annual General Meeting until the conclusion of the Twenty Fourth Annual General Meeting subject to approval of the Reserve Bank of India each year and ratification at every annual general meeting, on such remuneration as may be approved by the Audit Committee of the Board."

SPECIAL BUSINESS:

6. To consider and pass with or without modification(s), the following resolution, as an **Ordinary Resolution:**

   "RESOLVED THAT Smt. Usha Sangwan, who was appointed as an Additional Director at the meeting of the Board of Directors held on 17th October, 2013 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice under Section 160 of the Companies Act, 2013 has been received from a member signifying its intention to propose Smt. Usha Sangwan as a candidate for the office of Director of the Bank is hereby appointed as a Director of the Bank, liable to retire by rotation."
7. To consider and pass with or without modification(s), the following resolution, as an **Ordinary Resolution:**

   "RESOLVED THAT subject to the approval of the Reserve Bank of India and such other statutory authorities as may be required, remuneration for Dr. Sanjiv Misra be revised as under with effect from 8th March, 2014:

Particulars		Amount
Remuneration*	:	₹25 lacs p.a.
Company Car	:	Free use of Bank's car for official and private purposes.
Club Membership & Entertainment	:	Club Membership and Corporate Card for official entertainment to be provided by the Bank.
Sitting fees	:	As payable to other Non-executive Directors.

   *Remuneration to be paid on monthly basis and is inclusive of running and maintenance of office and other utility expenses."
8. To consider and pass with or without modification(s), the following resolution, as an **Ordinary Resolution:**

   "RESOLVED THAT subject to approval of the Reserve Bank of India, approval of the Members of the Bank is hereby given for revising the remuneration by way of salary, allowances and perquisites payable to Smt. Shikha Sharma, Managing Director & CEO of the Bank, with effect from 1st June, 2014, as per the following terms and conditions:

   a. Basic Salary: ₹2,26,84,894 per annum.
   b. House Rent Allowance in lieu of Bank's owned / leased accommodation be paid at ₹75,76,907 per annum.
   c. Utility Bills be reimbursed at actual upto a limit of ₹3,30,000 per annum.
   d. Leave Fare Concession facility be paid at ₹12,26,500 per annum.

e. Variable Pay to be paid as decided by the Board.

f. Company Car and Driver: As per Bank's Policy.

g. All other terms and conditions of her employment to remain unchanged."

9. To consider and pass with or without modification(s), the following resolution, as an **Ordinary Resolution:**

"RESOLVED THAT subject to approval of the Reserve Bank of India, approval of the Members of the Bank is hereby given for revising the remuneration by way of salary, allowances and perquisites payable to Shri Somnath Sengupta, Executive Director & Head (Corporate Centre) of the Bank, with effect from 1st June, 2014, as per the following terms and conditions:

a. Basic Salary: ₹1,40,30,409 per annum.

b. House Rent Allowance in lieu of Bank's owned / leased accommodation be paid at ₹34,00,000 per annum.

c. Utility Bills be reimbursed at actual upto a limit of ₹1,32,000 per annum.

d. Leave Fare Concession facility be paid at ₹5,50,000 per annum.

e. Variable Pay to be paid as decided by the Board.

f. Company Car and Driver: As per Bank's Policy.

g. Club Membership: Membership of two clubs (excluding life membership fees). All official expenses in connection with such membership incurred would be reimbursed by the Bank, as per the Bank's policy.

h. All other terms and conditions of his employment to remain unchanged."

10. To consider and pass with or without modification(s), the following resolution, as an **Ordinary Resolution:**

"RESOLVED THAT subject to approval of the Reserve Bank of India, approval of the Members of the Bank is hereby given for revising the remuneration by way of salary, allowances and perquisites payable to Shri V. Srinivasan, Executive Director & Head (Corporate Banking) of the Bank, with effect from 1st June, 2014, as per the following terms and conditions:

a. Basic Salary: ₹1,58,14,350 per annum.

b. House Rent Allowance in lieu of Bank's owned / leased accommodation be paid at ₹34,00,000 per annum.

c. Utility Bills be reimbursed at actual upto a limit of ₹1,32,000 per annum

d. Leave Fare Concession facility be paid at ₹5,50,000 per annum.

e. Variable Pay to be paid as decided by the Board.

f. Company Car and Driver: As per Bank's Policy.

g. Club Membership: Membership of two clubs (excluding life membership fees). All official expenses in connection with such membership incurred would be reimbursed by the Bank as per the Bank's policy.

h. All other terms and conditions of his employment to remain unchanged."

11. To consider and pass with or without modification(s), the following resolution, as a **Special Resolution:**

"RESOLVED THAT in partial modification of the special resolution passed at the Nineteenth Annual General Meeting of the Bank held on 19th July, 2013 ("said resolution") and pursuant to Section 62 of the Companies Act, 2013 and Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and any other applicable regulatory requirement, approval of the members of the Bank be and is hereby accorded for amendment in the exercise period from 3 years to 5 years from the date of vesting of options, in respect of options granted with effect from April, 2014 onwards."

"RESOLVED FURTHER THAT without prejudice to the generality of the above, but subject to the terms, as approved by the members, the Board/HR and Remuneration Committee, is authorised to implement the scheme (with or without modifications and variations) in one or more tranches in such manner as the Board/HR and Remuneration Committee may determine."

"RESOLVED FURTHER THAT the Board is authorised to delegate all or any of the powers herein conferred to the HR and Remuneration Committee constituted for this purpose or to the Managing Director & CEO of the Bank."

"RESOLVED FURTHER THAT the Equity Shares to be issued as stated aforesaid shall rank pari-passu with all existing Equity Shares of the Bank, including for the purpose of payment of dividend."

12. To consider and pass with or without modification(s), the following resolution, as a **Special Resolution:**

"RESOLVED THAT in supersession of the resolution passed by the shareholders of the Bank on 17th June, 2011, the consent of the Bank under the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 be and is accorded to the borrowings by the Bank from time to time, subject to any restriction imposed by the terms of the agreements as may have been entered into or may be entered into from time to time for grant of any assistance to the Bank, of all moneys deemed by them to be required or proper for the purpose of carrying on business of the Bank; provided however, that the total amount of such borrowings outstanding at any time shall not exceed ₹1,00,000 crores, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Bank (apart from temporary loans, if any, obtained from the bankers of the Bank in the ordinary course of business) exceeds the aggregate of the paid up capital of the Bank and its free reserves."

13. To consider and pass with or without modification(s), the following resolution, as a **Special Resolution:**

"RESOLVED THAT pursuant to provisions of Section 42 of the Companies Act, 2013, Companies (Prospectus and Allotment of Securities) Rules, 2014, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time and other applicable laws, if any, each as may be applicable, and the provisions of the Memorandum and Articles of Association of the Bank and subject to such approval(s), consent(s), permission(s) and sanction(s) as may be necessary from concerned statutory or regulatory authority(ies), the approval of the Members of the Bank be and is hereby accorded for borrowing / raising funds in Indian currency / foreign currency by issue of debt instruments in domestic and/or overseas market, in one or more tranches, as per the structure and within the limits permitted by the Reserve Bank of India and other regulatory authorities, to eligible investors of an amount not exceeding:

(i) ₹7,500 crores for issuance forming part of Tier I / Tier II capital and

(ii) US$ 1.5 billion (or equivalent in other currency) for foreign currency issuances in the overseas market either under the Bank's MTN Programme or by way of standalone issuance.''

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, things, matters, as may be necessary and expedient for giving effect to the above resolution. "

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to delegate all or any of its powers herein conferred to any Committee or any one or more executives of the Bank."

14. To consider and pass with or without modification(s), the following resolution, as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of the Memorandum and Articles of Association of the Bank and subject to such other approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the concerned Statutory Authority(ies), including the Reserve Bank of India, and subject to such conditions as may be agreed by the Board of Directors of the Bank (which expression also includes a committee thereof), each Equity Share of the Bank having a face value of ₹10 each fully paid-up be sub-divided into 5 (Five) Equity Shares of the face value of ₹2 each fully paid-up."

"RESOLVED FURTHER THAT the 5 (Five) Equity Shares of the face value of ₹2 each on sub-division to be allotted in lieu of existing one equity share of ₹10 each shall be subject to the terms of the Memorandum and Articles of Association of the Bank and shall rank pari passu in all respects with the existing fully paid shares of ₹10 each of the Bank and shall be entitled to participate in full in any dividends to be declared after the sub-divided equity shares are allotted."

"RESOLVED FURTHER THAT upon sub-division of Equity Shares as aforesaid, the existing share certificate(s) in relation to the existing Equity Shares of the face value of ₹10 each held in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the Record date and the Bank may, without requiring the surrender of the existing share certificate(s), issue and dispatch the new share certificate(s) of the Bank in lieu of such existing share certificate(s) subject to the provisions of the Companies (Share Capital and Debentures) Rules, 2014 and in the case of Shares held in the dematerialised form, the number of sub-divided Equity Shares be credited to the respective beneficiary accounts of the Shareholders with the depository participants, in lieu of the existing credits representing the Equity Shares of the Bank before sub-division."

"RESOLVED FURTHER THAT the Board of Directors of the Bank (which expression also includes a Committee thereof) be and is hereby authorized to make appropriate adjustments due to the sub-division of Equity Shares as aforesaid, to stock options which have been granted to employees of the Bank under its employee stock option scheme pursuant to the Securities and Exchange Board of India (Employee Stock Options and Employee Stock Purchase Scheme) Guidelines, 1999 and any amendments thereto from time to time, such that the exercise price for all employee stock options which are outstanding as on the Record date (vested and unvested options) shall be proportionately adjusted and stock options which are available for grant and those already granted but not exercised as on Record Date shall be appropriately adjusted."

"RESOLVED FURTHER THAT subject to approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the concerned Statutory Authority(ies), the consent of the Bank be and is hereby accorded for revision in the ratio of Bank's Global Depositary Receipts ("GDRs") to equity shares, due to the sub-division of Equity Shares of the Bank as aforesaid, from the existing 'one GDR representing one underlying equity shares of the Bank' to 'one GDR representing five underlying equity shares of the Bank' and the Board of Directors of the Bank (which expression shall also include a Committee thereof) is hereby authorised to take all such necessary steps to give effect to this resolution including the delegation of all or any of its powers herein conferred to any Whole-Time Director(s), the Company Secretary or any other officer(s) of the Bank to do all such deeds, matters, and things as also to execute such writings or documents, as may be necessary to give effect to this resolution."

"RESOLVED FURTHER THAT the Board of Directors of the Bank (which expression shall also include a Committee thereof) be authorised to take such steps as may be necessary including the delegation of all or any of its powers herein conferred to any Director(s), the Company Secretary or any other officer(s) of the Bank for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to execute all deeds, applications, documents and writings that may be required, on behalf of the Bank and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this Resolution."

15. To consider and pass with or without modification(s), the following resolution, as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 13 and all other applicable provisions of the Companies Act, 2013 and subject to such other approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the concerned Statutory Authority(ies), including the Reserve Bank of India, the first paragraph of the existing clause V of the Memorandum of Association of the Bank relating to Capital be replaced by the following paragraph:

"The capital of the Company is ₹850,00,00,000/- (Rupees Eight Hundred Fifty Crores only) divided into 425,00,00,000 (Four Hundred Twenty Five Crores) Equity Shares of ₹2/- (Rupees Two only) each."

''RESOLVED FURTHER THAT the Board of Directors of the Bank (which expression shall also include a Committee thereof) be authorised to take such steps as may be necessary including the delegation of all or any of its powers herein conferred to any Director(s), the Company Secretary or any other officer(s) of the Bank for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this Resolution.''

16. To consider and pass with or without modification(s), the following resolution, as a **Special Resolution:**

"RESOLVED THAT pursuant to Section 14 and all other applicable provisions, if any, of the Companies Act, 2013, and subject to such other approvals or consents as may be required under applicable law or from concerned Statutory Authority(ies), the existing Articles of Association of the Bank be altered in the following manner:

(i) Article 2 A (xi) be replaced by the following:

"Equity Shares" means the equity shares of the Company, presently having a face value of ₹2/- per equity share;

(ii) In Article 3 (1), the first sentence be replaced with the following:

"The Authorised Share Capital of the Company is ₹850,00,00,000/- (Rupees Eight Hundred Fifty Crores only) divided into 425,00,00,000 (Four Hundred Twenty Five Crores) Equity Shares of ₹2/- (Rupees Two only) each."

''RESOLVED FURTHER THAT the Board of Directors of the Bank (which expression shall also include a Committee thereof) be authorised to take such steps as may be necessary including the delegation of all or any of its powers herein conferred to any Director(s), the Company Secretary or any other officer(s) of the Bank for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this Resolution.''

By order of the Board

Sanjeev

Place: Mumbai
Date: 26th April, 2014

Sanjeev Kapoor
Company Secretary

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE BANK NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

2. Shri V. R. Kaundinya, Shri S. B. Mathur, Shri Prasad R. Menon, Prof. Samir K. Barua, Shri Som Mittal, Smt. Ireena Vittal and Shri Rohit Bhagat, Independent Directors have been appointed/re-appointed as Directors of the Bank by the shareholders in their Annual General Meetings under the provisions of the Companies Act, 1956. They have complied with the prescribed independence criteria and will continue to act as Independent Directors of the Bank till completion of their term, subject to Reserve Bank of India regulations.

3. The relevant explanatory statement pursuant to the provisions of Section 102 of the Companies Act, 2013 in respect of item Nos. 5 to 16, is annexed hereto.

4. The Register of Members and the Share Transfer Books of the Bank will remain closed from Monday, the 16th day of June, 2014 to Friday, the 27th day of June, 2014 (both days inclusive).

5. The Dividend would be paid to the shareholders whose names stand on the Register of Members on the close of business hours of 14th June, 2014. ECS credit/dispatch of the dividend warrants would commence on 28th June, 2014 and is expected to be completed on or before 8th July, 2014.

6. Shareholders holding shares in physical form are requested to immediately notify change in their address, if any, to the Registrar and Share Transfer Agents, Karvy Computershare Private Limited, Hyderabad or to the Registered Office of the Bank, quoting their Folio number(s).

   In order to avoid fraudulent encashment of dividend warrants, the details of your Bank Account will be printed on the dividend warrants. We, therefore, request you to send to our Registrar and Share Transfer Agents, Karvy Computershare Private Limited, Hyderabad or to the Registered Office of the Bank, on or before 14th June, 2014, a Bank Mandate (providing details of name of the Bank, branch and place with PIN code No., where the account is maintained and the Bank Account No) or changes therein, if not provided earlier, under the signature of the Sole/First holder quoting their Folio number.

   The Bank is offering the facility of ECS/NECS in centres wherever available. The ECS Mandate Form is annexed. This facility could also be used by the shareholders instead of the Bank Mandate System, for receiving the credit of dividends.

7. Shareholders holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details, ECS mandates, email addresses, nominations, power of attorney, change of address/name etc. to their Depository Participant (DP) only and not to the Bank or its Registrar and Share Transfer Agents. Any such changes effected by the DPs will be automatically reflected in the records of the Bank subsequently.

8. Shareholders may avail of the Nomination Facility under Section 72 of the Companies Act, 2013. The relevant Nomination Form is annexed.

9. Shareholders seeking any information with regard to accounts are requested to write to the Bank at an early date to enable the Management to keep the information ready.

10. SEBI has made it mandatory for every participant in the securities/capital market to furnish the details of Income tax Permanent Account Number (PAN). Accordingly, all the shareholders holding shares in physical form are requested to submit their details of PAN along with a photocopy of both sides of the PAN card, duly attested, to the Registrar and Share Transfer Agents of the Bank.

11. In accordance with Section 101 of the Companies Act, 2013 and Companies (Management and Administration) Rules, 2014, the Annual Report (Audited Financial Statements, Directors Report, Auditors Report etc.) is being sent to the shareholders in electronic form to the email address registered with their Depository Participant (in case of electronic shareholding)/the Bank's Registrar and Share Transfer Agents (in case of physical shareholding).

    We, therefore request and encourage you to register your email ID in the records of your Depository Participant (in case of electronic holding)/the Bank's Registrar and Share Transfer Agents (in case of physical shareholding) mentioning your folio no./demat account details.

    However, in case you wish to receive the above shareholder communication in paper form, you may write to the Bank's Registrar and Share Transfer Agents, Karvy Computershare Private Limited, Unit: Axis Bank Limited, Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad – 500 081, or send an email at axisgogreen@karvy.com mentioning your folio no./demat account details.

The Shareholders are requested to write to the Company Secretary or to the Registrar and Share Transfer Agents regarding transfer of shares and for resolving grievances at the below address:

The Company Secretary,
Axis Bank Limited
Registered Office :
'Trishul', 3rd Floor, Opp. Samartheshwar Temple,
Law Garden, Ellisbridge, Ahmedabad – 380 006.
Email: shareholders@axisbank.com
Website : www.axisbank.com
CIN : L65110GJ1993PLC020769
Phone : 079-26409322
Fax : 079-26409321

Karvy Computershare Private Limited
Unit: Axis Bank Limited
Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad – 500 081.
Phone No. 040-23420815 to 23420824
Fax No. 040-23420814
Email: einward.ris@karvy.com
Contact Persons: Shri V. K. Jayaraman, GM (RIS)/Smt. Varalakshmi, Sr. Manager (RIS)

12. E-Voting:

I. The Bank is pleased to provide E-voting facility through Karvy Computershare Pvt Ltd., for all shareholders of the Bank to enable them to cast their votes electronically on the items mentioned in this notice of the 20th Annual General Meeting of the Bank. The Bank has appointed Shri Nimai G. Shah, Chartered Accountant (Membership No. 100932) and Partner, Chandabhoy & Jassoobhoy, Chartered Accountants or failing him Shri Gautam N. Shah, Chartered Accountant (Membership No. 012679) and Partner, Chandabhoy & Jassoobhoy, Chartered Accountants as the Scrutinizer for conducting the e-voting process in a fair and transparent manner. E-voting is optional. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Bank, subject to the provisions of the Banking Regulation Act, 1949, as on the cut-off date of 16th May, 2014. The instructions for E-Voting are as under:

(i) To use the following URL for e-voting:

From Karvy website: http://evoting.karvy.com

(ii) Shareholders of the Bank holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically.

(iii) Enter the login credentials [i.e., user id and password mentioned in the attendance slip of the AGM]. Your Folio No/DP ID Client ID will be your user ID.

(iv) After entering the details appropriately, click on LOGIN.

(v) You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) You need to login again with the new credentials.

(vii) On successful login, the system will prompt you to select the EVENT i.e., Axis Bank.

(viii) On the voting page, enter the number of shares as on the cut-off date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN.

(ix) Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.

(x) Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.

(xi) Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to cnjabd@vsnl.net with a copy marked to evoting@karvy.com.

(xiii) The e-voting period commences on Saturday, 21st June, 2014 (9:00 A.M.) and ends on Monday, 23rd June, 2014 (6:00 P.M.). During this period shareholders' of the Bank, holding shares either in physical form or in dematerialized form, as on the cut-off date of 16th May, 2014, may cast their vote electronically. The e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. Further, the shareholders who have cast their vote electronically shall not be able to vote by way of poll at the AGM.

(xiv) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of http://evoting.karvy.com or contact Karvy Computershare Pvt. Ltd at Tel No. 1800 345 4001 (toll free).

II. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Bank and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Bank.

III. The Results on resolutions shall be declared on or after the AGM of the Bank and shall be deemed to be passed on the date of the AGM. The Results declared alongwith the Scrutinizer's Report shall be placed on the Bank's website www.axisbank.com and on the website of Karvy within two days of passing of the resolutions at the AGM of the Bank and communicated to the Stock Exchanges.

IV. Poll will also be conducted at the AGM and any Shareholder who has not cast his vote through e-voting facility, may attend the AGM and cast his vote.

13. Information regarding Directors retiring by rotation:

i) **Shri K. N. Prithviraj** has done Masters in Economics. At present, he is the Administrator of the Specified Undertaking of the Unit Trust of India (SUUTI). He is former Chairman and Managing Director of Oriental Bank of Commerce and former Executive Director of United Bank of India. He has also served in Punjab National Bank in various capacities (1969-2003). As on 31st March, 2014, he was the Chairman of the Committee of Directors and member of Audit Committee, Risk Management Committee, HR and Remuneration Committee and Acquisitions, Divestments and Mergers Committee of the Bank's Board. He does not hold any equity share of the Bank. The details of directorship, membership and chairmanship in other companies of Shri K. N. Prithviraj are as follows:

Sr. No.	**Name of the Company**	**Nature of Interest**
1.	UTI Infrastructure Technology & Services Limited	Chairman
2.	Surana Industries Limited	Director/Member – Audit Committee
3.	Surana Mines and Minerals Limited	Director/Member – Audit Committee
4.	Dwarikeshwar Sugar Industries Limited	Director/Member – Audit Committee
5.	IL&FS Infra Asset Management Limited	Director/Member – Audit Committee
6.	PNB Investment Services Pvt. Limited	Director/Member – Audit Committee
7.	Brickwork Ratings (India) Pvt. Limited	Director/Member – Audit Committee
8.	National Financial Holdings Pvt. Limited	Director

ii) **Shri V. Srinivasan** is a qualified engineer from the College of Engineering, Anna University, Chennai and completed his PGDBM from the Indian Institute of Management, Calcutta in 1990. He began his career in the financial services industry with ICICI Ltd., in its Merchant Banking Division, in 1990. He was a part of the start-up team of ICICI Securities and Finance Co. Ltd (I-Sec), the joint venture between ICICI and J.P. Morgan and headed the Fixed Income business there. Since 1999, he has worked with J. P. Morgan, India and in his last assignment was their Managing Director and Head of Markets, wherein he had the dual responsibility of CEO, J.P. Morgan Chase Bank, Mumbai Branch as well as Chairman, J. P. Morgan Securities (I) Pvt. Ltd. He has served on various RBI Committees such as the Technical Advisory Committee of RBI, Committee of Repos, STRIPS etc. and is a member of the Banking Committee, CII. He has also served as Chairman of FIMMDA, the key self-regulatory body for market participants and PDAI, the self-regulatory organization for primary dealers. He joined the Bank in September, 2009 and presently, he is the Executive Director and Head (Corporate Banking). As on 31st March, 2014, he is a member of Committee of Directors and Committee of Whole Time Directors of the Bank's Board. As on 31st March, 2014 he held 43,500 equity shares of the Bank. The details of directorship, membership and chairmanship in other companies of Shri V. Srinivasan are as follows:

Sr. No.	Name of the Company/Institution	Nature of Interest
1.	Axis Trustee Services Limited	Chairman
2.	Axis Finance Limited	Chairman/Chairman - Audit Committee/Chairman - Remuneration Committee/Chairman - Credit Committee/ Chairman – Nomination Committee
3.	Axis Bank UK Limited	Director/Chairman - Human Resources, Remuneration & Negotiation Committee/Member - Committee of Directors/ Member - Risk Management Committee
4.	Axis Capital Limited	Director/Member - Audit Committee/Member - Risk Committee/Member - Remuneration Committee
5.	Axis Private Equity Limited	Director/Member - Audit & Remuneration Committee/ Member - Nomination Committee
6.	Axis Securities Europe Limited	Director

By order of the Board

Sanjeev

Place: Mumbai
Date: 26th April, 2014

Sanjeev Kapoor
Company Secretary

ANNEXURE TO NOTICE - EXPLANATORY STATEMENT U/S 102 OF THE COMPANIES ACT, 2013

Item No. 5:

Deloitte Haskins & Sells, Chartered Accountants, who had been reappointed by the members at their Nineteenth Annual General Meeting as the Statutory Auditors of the Bank for the year 2013-14 would be retiring at the conclusion of the forthcoming Annual General Meeting. They have been statutory auditors of the Bank for four consecutive years, which is the maximum term for statutory auditors of banking companies as per the guidelines issued by Reserve Bank of India.

The Board at its meeting held on 25th April, 2014 had, based on the recommendation of the Audit Committee of the Board, appointed, subject to approval of the shareholders, S. R. Batliboi & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Bank, to hold office from the conclusion of the Twentieth Annual General Meeting until the conclusion of the Twenty Fourth Annual General Meeting. In terms of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the appointment shall be subject to ratification by the shareholders in every annual general meeting. As required, S. R. Batliboi & Co. LLP, Chartered Accountants have forwarded a certificate to the Bank stating that the appointment, if made, will be within the statutory limits. The Reserve Bank of India has approved the appointment of S. R. Batliboi & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Bank for the year 2014-15.

The Directors recommend the appointment of S. R. Batliboi & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Bank.

None of the Directors, Key Managerial Personnel of the Bank and their relatives are financially or otherwise concerned with or interested in the resolution at Item No. 5 of the Notice.

Item No. 6:

Smt. Usha Sangwan was appointed as an Additional Director of the Bank w.e.f. 17th October, 2013. Under Section 161 of the Companies Act, 2013, read with Article 91 of the Articles of Association of the Bank, she continues to hold office as a Director until the conclusion of the ensuing Annual General Meeting. As required under Section 160 of the Companies Act, 2013, the Bank has received notice from a member signifying its intention to propose Smt. Sangwan as a candidate for the office of Director of the Bank and the requisite deposit of ₹1,00,000 has also been received by the Bank along with such notice. It is proposed that Smt. Sangwan will be liable to retire by rotation. She does not hold any equity share of the Bank.

Smt. Usha Sangwan, Managing Director of Life Insurance Corporation holds a Master's Degree in Economics and a Post Graduate Diploma in Human Resource Management. She joined LIC as Direct Recruit Officer in 1981. She has worked in almost all core areas of life insurance including Marketing, Personnel, Operations, Housing Finance, Group Business, Direct Marketing, International Operations and Corporate Communications. She has held various important positions, such as Divisional Manager-Incharge of Delhi Division, Regional Manager (Personnel & Industrial Relations), Regional Manager and General Manager (LIC Housing Finance), Executive Director (Direct Marketing & International Operations) and Executive Director (Corporate Communication). Her expertise lies in analytics, strategy, execution, people skill, use of technology particularly in marketing and servicing and setting up of systems. She has been awarded the "Women Leadership Award" in BFSI sector by Institute of Public Enterprise and "Brand Slam Leadership Award" by CMO Asia. She has also been awarded "Women Leadership Role Model" by Top Rankers Management Consultants and "Corporate Leadership Award for 2014" by Colour TV. She was also felicitated by Free Press Journal and Doordarshan for Women in Leadership Role. As on 31st March, 2014, Smt. Sangwan is a member of Corporate Social Responsibility Committee. The details of directorship, membership and chairmanship in other companies of Smt. Usha Sangwan are as follows:

Sr. No.	Name of the Company	Nature of Interest
1.	Life Insurance Corporation of India	Managing Director/Member – Policyholder Protection Committee/Member – Risk Management Committee
2.	LIC HFL Care Homes Limited	Chairperson
3.	LIC (Singapore) PTE Limited	Director

The Directors recommend approval of the resolution.

Except for Smt. Usha Sangwan, no other Director, Key Managerial Personnel of the Bank and their relatives are financially or otherwise, concerned with or interested in the resolution at Item No. 6 of the Notice.

Item No. 7:

Dr. Sanjiv Misra was appointed as the Chairman of the Bank for a period of three years from 8th March 2013. The Bank has grown and progressed under the guidance of Dr. Sanjiv Misra. In view of this, the HR and Remuneration Committee of the Board, which met on 16th January, 2014, examined the remuneration of Dr. Sanjiv Misra, in comparison with the remuneration of the Chairmen of the other peer group banks and recommended a revision in the remuneration to be paid to Dr. Sanjiv Misra.

The Board of Directors of the Bank at its meeting held on 16th January, 2014 has approved the revision in remuneration payable to Dr. Sanjiv Misra with effect from 8th March, 2014.

The Directors recommend approval of the resolution.

Except for Dr. Sanjiv Misra, no other Director, Key Managerial Personnel of the Bank and their relatives are financially or otherwise concerned with or interested in the resolution at Item No. 7 of the Notice.

Item No. 8:

During the year ended 31st March, 2014, under the leadership of Smt. Shikha Sharma, the Bank has shown consistent growth and has continued to deliver on profitability as well as return to shareholders. In the economic and macro environment existing in the country, the Bank has been able to consistently deliver profitability as well as return to its shareholders under her leadership. The NPAs and restructured assets have been kept in control, with strong focus on guardrails. The Bank has formulated Vision 2020 thus ensuring long term sustenance of business strategy while keeping in mind our customer ethos as well as employee growth and well-being. One of the major focus areas this year has been on the compliance front as well PSL achievements. For the capability building of employees, cross functional movements have been actively encouraged and a framework for competency building was put in place. In view of this, the HR and Remuneration Committee of the Board, which met on 25th April, 2014, examined the remuneration of Smt. Shikha Sharma, the Managing Director & CEO, in comparison with the remuneration of the Managing Director of the peer group banks and recommended a revision in the emoluments to be paid to Smt. Shikha Sharma.

The Board of Directors of the Bank at its meeting held on 26th April, 2014 has approved the revision in remuneration by way of salary and perquisites payable to Smt. Shikha Sharma with effect from 1st June, 2014.

The Directors recommend approval of the resolution.

Except Smt. Shikha Sharma, no Director, Key Managerial Personnel of the Bank and their relatives are financially or otherwise concerned with or interested in the Resolution at Item No. 8 of the Notice.

Item No. 9:

During the year ended 31st March, 2014, Shri Somnath Sengupta effectively managed the broader role of the Corporate Center Head and set of diverse portfolios which included Audit and Compliance in addition to Risk, IT, Operations and Finance. The EGRC framework was implemented in the Bank giving it a strong foundation with regards to risk management capability across business functions. Through focus on the SOX documentation initiative, the Bank is now in a position to be completely SOX compliant by next year. The strategy and execution areas of IT function have been strengthened. A pan Bank project has been initiated to simplify critical processes which will help the long term sustainability and customer franchise of the Bank. On the subsidiary governance function, all the key policies are aligned across all group subsidiaries and all monitoring mechanisms are in place. In view of this, the HR and Remuneration Committee of the Board, which met on 25th April, 2014, reviewed the remuneration being paid to Shri Somnath Sengupta in comparison with the remuneration of Executive Directors of peer group banks and recommended a revision in the emoluments to be paid to him.

The Board of Directors of the Bank at its meeting held on 26th April, 2014 has approved the revision in remuneration by way of salary and perquisites payable to Shri Somnath Sengupta with effect from 1st June, 2014.

The Directors recommend approval of the resolution.

Except Shri Somnath Sengupta, no Director, Key Managerial Personnel of the Bank and their relatives are financially or otherwise concerned with or interested in the Resolution at Item No. 9 of the Notice.

Item No. 10:

The year ended 31st March, 2014 witnessed challenging economic environment in which Shri V. Srinivasan has been instrumental in protecting and growing the profit pool of the Bank. In spite of the stress that has been seen across different sectors and corporates, the Bank has been able to stay on course and contain the asset quality within defined limits under his leadership. The synergies between Retail and Corporate Bank have gained momentum and are now ingrained as a core activity for Corporate Banking Relationship Managers. Considerable time has been spent in building investor confidence and ensuring coverage of key officials at the regulator's side. Axis Bank UK started operations in FY 14 and achieved its business plan. This was also the year when a key strategy of improving the quality of the Corporate Bank franchise was implemented, account plans were drawn out, executed and monitored rigorously. In view of this, the HR and Remuneration Committee of the Board, which met on 25th April, 2014, reviewed the remuneration being paid to Shri V. Srinivasan in comparison with the remuneration of Executive Directors of peer group banks and recommended a revision in the emoluments to be paid to him.

The Board of Directors of the Bank at its meeting held on 26th April, 2014 has approved the revision in remuneration by way of salary and perquisites payable to Shri V. Srinivasan with effect from 1st June, 2014.

The Directors recommend approval of the resolution.

Except Shri V. Srinivasan, no Director, Key Managerial Personnel of the Bank and their relatives are financially or otherwise concerned with or interested in the Resolution at Item No. 10 of the Notice.

Item No. 11:

The Bank has instituted an Employee Stock Option Scheme (ESOS) in the year 2001 to enable its employees and the employees of its subsidiaries including Whole-time Directors, to participate in the future growth and financial success of the Bank. The employee stock option scheme is in accordance with the Securities and Exchange Board of India (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999. The eligibility and number of options to be granted to an employee is determined on the basis of the employee's work performance and is approved by the Board of Directors based on the recommendation of HR and Remuneration Committee. The ESOS has been approved by the Board of Directors and the shareholders of the Bank.

The ESOS of the Bank, has an exercise period of three years from the date of vesting. Keeping in mind the spirit of the scheme and also prevailing practice in peer group of banks, it is proposed to increase the exercise period from the existing three years to five years. This will ensure retention of key employees and participation in the long term growth of the Bank thus meeting the stated objectives of the Bank's ESOS.

Considering the above, the HR and Remuneration Committee at its meeting held on 4th April, 2014 has recommended increasing the exercise period from the existing three years to five years. The Board of Directors at its meeting held on 26th April, 2014 has accepted the recommendation of the HR and Remuneration Committee.

The Directors recommend approval of the resolution.

No Director and their relatives are financially or otherwise concerned with or interested in the Resolution at Item No. 11 of the Notice except the Whole-time Directors of the Bank who would be eligible/qualified to avail benefits of ESOS, to the extent of offer of options which may be made to them.

The Key managerial personnel of the Bank who would be eligible/qualified to avail benefits of ESOS, to the extent of offer of options which may be made to them shall be deemed to be concerned with or interested in the resolution.

Item No. 12:

In terms of Section 180(1)(c) of the Companies Act, 2013, borrowings by the Bank (apart from temporary loans, if any, obtained from the Bankers of the Bank and deposits accepted in the ordinary course of business) in excess of the paid up capital of the Bank and its free reserves, require the approval of the members by way of a special resolution. As per the General Circular no. 04/2014 dated 25th March, 2014 issued by the Ministry of Corporate Affairs, the resolution passed under Section 293(1)(d) of the Companies Act, 1956 is valid for a period one year from the date of notification (i.e. 12th September, 2013) of Section 180 of the Companies Act, 2013. The members of the Bank at their annual general meeting held on 17th June, 2011 had passed a resolution approving the borrowing limit of ₹1,00,000 crores under Section 293(1)(d) of the Companies Act, 1956. In view of the above circular, this resolution is valid upto 11th September, 2014.

Considering the above, the Board of Directors at its meeting held on 26th April, 2014 has approved obtaining the consent of the members of the Bank by way of a special resolution under Section 180(1)(c) of the Companies Act, 2013.

The Directors of the Bank recommend approval of the resolution.

None of the Directors, Key Managerial Personnel and their relatives are financially or otherwise concerned with or interested in the resolution at Item No. 12 of the Notice except to the extent that it is proposed to authorise them to borrow monies as stated in the resolution.

Item No. 13:

Section 42 of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014 provides that a company can make private placement of securities subject to the condition that the proposed offer of securities or invitation to subscribe securities has been previously approved by the shareholders of the company, by a Special Resolution, for each of the Offers or Invitations. In case of offer or invitation for non-convertible debentures, it shall be sufficient if the company passes a previous special resolution only once in a year for all the offers or invitation for such debentures during the year.

Keeping in view the Bank's projections in domestic and overseas operations, the Bank may need to raise additional funds in one or more tranches in Indian as well as overseas market in the form of capital to maintain the desired capital to risk weighted assets ratio (CRAR) by issuing Tier I and Tier II debt instruments and/or other debt instruments including issuance under the Medium Term Note Programme of the Bank.

Considering the above, the Board of Directors at its meeting held on 26th April, 2014 has proposed to obtain the consent of the members of the Bank for borrowing/raising funds in Indian currency/ foreign currency by issue of debt instruments in domestic and/or overseas market, in one or more tranches as per the structure and within the limits permitted by Reserve Bank of India and other regulatory authorities to eligible investors of an amount not exceeding (i) ₹ 7,500 crores for issuance forming part of Tier I / Tier II capital and (ii) US$ 1.5 billion (or equivalent in other currency) for foreign currency issuances in the overseas market either under the Bank's MTN Programme or by way of standalone issuance. The debt instruments would be issued by the Bank in accordance with the applicable statutory guidelines, for cash either at par or premium or at a discount to face value depending upon the prevailing market conditions.

The Directors of the Bank recommend approval of the resolution.

None of the Directors, Key Managerial Personnel and their relatives are financially or otherwise concerned with or interested in the resolution at Item No. 13 of the Notice.

Item Nos. 14, 15 and 16:

The Equity shares of your Bank are listed and actively traded on the BSE Limited and the National Stock Exchange of India Limited (BSE/NSE). In order to make equity shares of the Bank affordable for small retail investors, the Board of Directors has considered and approved the sub-division of one equity share of the Bank having a face value of ₹ 10 each into five equity shares of face value of ₹ 2 each. The sub-division of shares is subject to approval of the shareholders and any other statutory and regulatory approvals, as applicable. The Record Date for the aforesaid sub-division of the Equity Shares will be fixed by the Board after approval of the shareholders is obtained.

The sub-division of Equity shares would, inter alia, require appropriate adjustments with respect to stock options which have been granted by the Bank and remain outstanding as on the record date, which would include proportionate adjustments to the exercise price and adjustments to the stock options available for grant as well stock options which have been granted but not exercised in accordance with the provisions of the Employees Stock Option Scheme of the Bank and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Further, the sub-division of equity shares would also necessitate appropriate adjustments to the ratio between the Bank's GDRs and the underlying equity shares such that 'one GDR representing one underlying equity share of the Bank' will be changed to 'one GDR representing five underlying equity shares of the Bank'.

Presently, the Authorised Share Capital of your Bank is ₹ 850 crores divided into 85,00,00,000 Equity shares of ₹ 10 each. The issued and paid-up capital of the Bank as on 31st March, 2014 was ₹ 4,69,84,45,530 divided into 46,98,44,553 Equity Shares of ₹ 10 each.

The sub-division as aforesaid would require consequential amendments to the existing Clause V of the Memorandum of Association and Articles 2 (A) (xi) and 3 (1) of the Articles of Association of the Bank as set out in Item Nos. 15 and 16 of the Notice respectively.

Accordingly, the Resolutions at Item Nos. 14 to 16 seek approval of the Shareholders for the proposed sub-division of face value of the Equity Shares and the consequent amendments to the existing Clause V of the Memorandum of Association and Articles 2 (A) (xi) and 3 (1) of the Articles of Association of the Bank.

The Board of Directors is of the opinion that the aforesaid sub-division of the face value of Equity Shares, is in the best interest of the Bank and the investors and hence recommends passing of the Resolutions at Item Nos. 14 and 15 as Ordinary Resolutions and the Resolution at Item No. 16 as a Special Resolution.

A copy of the existing Memorandum and Articles of Association of the Bank along with the proposed draft amendments is available for inspection by any shareholder at the Registered Office of the Bank between 11 A.M. and 2.00 P.M. on all working days (except Saturdays, Sundays and Public Holidays) upto 27th June, 2014.

None of the Directors, Key Managerial Personnel and their relatives are financially or otherwise concerned with or interested in the resolution at Item Nos. 14, 15 and 16 of the Notice except to the extent of their shareholding in the Bank.

By order of the Board

Sanjeev

Sanjeev Kapoor
Company Secretary

Place: Mumbai
Date: 26th April, 2014

Axis Bank Limited
Registered Office :
'Trishul', 3rd Floor, Opp. Samartheshwar Temple,
Law Garden, Ellisbridge, Ahmedabad – 380 006.
CIN : L65110GJ1993PLC020769
Phone : 079-26409322, Fax : 079-26409321
Email address: shareholders@axisbank.com, Website : www.axisbank.com

AXIS BANK

AXIS BANK LIMITED

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Tel No. 079 – 26409322, Fax No. 079 – 26409321
Email ID - shareholders@axisbank.com, Website - www.axisbank.com

ATTENDANCE SLIP

PLEASE BRING THIS ATTENDANCE SLIP TO THE MEETING HALL AND HAND IT OVER AT THE ENTRANCE

I/We hereby record my/our presence at the 20th Annual General Meeting of Axis Bank Limited held at J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015 on Friday, the 27th June, 2014 at 10.00 A.M.

Name of the Shareholder :

Registered Address of the Shareholder :

Ledger Folio No./CL ID/DP ID No. :

Number of shares held :

Name of the Proxy/Representative, if any :

Signature of the Member/s/Proxy :

Signature of the Representative :

✂..✂

FOR IMMEDIATE ATTENTION OF THE SHAREHOLDERS

Shareholders may please note the user id and password given below for the purpose of e-voting in terms of Section 108 of the Companies Act, 2013, read with rule 20 of the Companies (Management and Administration), Rules, 2014. Detailed instructions for e-voting are given in the AGM notice.

E VOTING EVENT NUMBER	USER ID	PASSWORD

AXIS BANK

Form No. MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN :	L65110GJ1993PLC020769		
Name of the Company :	**Axis Bank Limited**		
Registered Office :	'Trishul', 3rd Floor, Opp. Samartheshwar Temple, Law Garden, Ellisbridge, Ahmedabad – 380 006 **Phone No.:** 079-26409322; **Fax No.:** 079-26409321 **Email address:** shareholders@axisbank.com; **Website:** www.axisbank.com		
Name of the member (s) :			
Registered address :			
E-mail Id :			
Folio No./ Client Id :		DP ID :	

I/We, being the member (s) of .... shares of the above named company, hereby appoint

1.	Name			
	Address			
	E-mail Id		or failing him	
	Signature			
2.	Name			
	Address			
	E-mail Id		or failing him	
	Signature			
3.	Name			
	Address			
	E-mail Id		Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 20th Annual General Meeting of the Company, to be held on the 27th day of June, 2014 at 10.00 a.m. at J. B. Auditorium, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	**Resolution**	**Resolution No.**	**Resolution**
1.	Adoption of Financial Statements for the year ended 31st March, 2014.	2.	Re-appointment of Shri K. N. Prithviraj, who retires by rotation.
3.	Re-appointment of Shri V. Srinivasan, who retires by rotation.	4.	Approval of Dividend on the Equity Shares of the Bank.
5.	Appointment of S. R. Batliboi & Co. LLP, Chartered Accountants, Mumbai, as Statutory Auditors.	6.	Appointment of Smt. Usha Sangwan as a Director.
7.	Revision in remuneration of Dr. Sanjiv Misra, Chairman.	8.	Revision in remuneration of Smt. Shikha Sharma, Managing Director & CEO.
9.	Revision in remuneration of Shri Somnath Sengupta, Executive Director & Head (Corporate Centre).	10.	Revision in remuneration of Shri V. Srinivasan, Executive Director & Head (Corporate Banking).
11.	Amendment in Employee Stock Option Scheme.	12.	Borrowing limit of the Bank under section 180 (1) (c) of the Companies Act, 2013.
13.	Borrowing/Raising funds by issue of debt instruments.	14.	Sub-division of Equity Shares.
15.	Alteration in Memorandum of Association.	16.	Alteration in Articles of Association.

Signed this .... day of .... 2014.

Signature of shareholder :

Signature of Proxy holder(s) :

Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

AXIS BANK

FORM NO. SH-13
NOMINATION FORM
[Pursuant to section 72 of the Companies Act, 2013 and rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014]

To

Name of the Company : ____

Address of the Company : ____

I/We ____, the holder(s) of the securities particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

(1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)

Nature of Securities	Folio No.	No. of Securities	Certificate No.	Distinctive No.

(2) PARTICULARS OF NOMINEE/S

(a) Name :

(b) Date of Birth :

(c) Father's/Mother's/Spouse's name :

(d) Occupation :

(e) Nationality :

(f) Address :

(g) E-mail ID :

(h) Relationship with the security holder :

(3) IN CASE NOMINEE IS A MINOR

(a) Date of Birth :

(b) Date of attaining majority :

(c) Name of guardian :

(d) Address of guardian :

Name :

Address :

Name of the Security Holder(s) :

Signature :

Witness with Name and Address

AXIS BANK

Twentieth Annual Report 2013-14

ECS MANDATE FORM

To
Karvy Computershare Private Limited
Unit : Axis Bank Limited
Plot No. 17 to 24, Vittalrao Nagar
Madhapur, Hyderabad - 500 081

FOR SHARES HELD IN PHYSICAL MODE
Please complete this form and send it to
Karvy Computershare Private Limited, Hyderabad

FOR SHARES HELD IN DEMAT MODE
Shareholders should inform their DPs directly

I hereby consent to have the amount of dividend on my equity shares credited through the National Electronic Clearing Service (Credit Clearing) - (NECS). The particulars are:

1. Folio No. ______________________________
2. Name of 1st Registered holder ______________________________
3. Bank Details : ______________________________
   - Name of Bank ______________________________
   - Full address of the Branch ______________________________
   - Account Number ______________________________
   - Bank Ledger No. ______________________________
   - Account Type : (Please tick the relevant box for Savings Bank Account, Current Account or Cash Credit Account)

10 - Savings	11 - Current	12 - Cash Credit

   - 9 Digit Code number of the Bank and branch appearing on the MICR cheque issued by the Bank (Please attach a photocopy of a cheque for verifying the accuracy of the code number):

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I will not hold the Company responsible.

(Signature of the 1st Registered holder as per the specimen signature with the Company)

Name : ______________________________

Address : ______________________________

____

Date : _______ / _______ /2014 ______________________________

AXIS BANK LIMITED

The instructions for E-Voting are as under:

I. The Bank is pleased to provide E-voting facility through Karvy Computershare Pvt Ltd., for all shareholders of the Bank to enable them to cast their votes electronically on the items mentioned in this notice of the 20th Annual General Meeting of the Bank. The Bank has appointed Shri Nimai G. Shah, Chartered Accountant (Membership No. 100932) and Partner, Chandabhoy & Jassoobhoy, Chartered Accountants or failing him Shri Gautam N. Shah, Chartered Accountant (Membership No. 012679) and Partner, Chandabhoy & Jassoobhoy, Chartered Accountants as the Scrutinizer for conducting the e-voting process in a fair and transparent manner. E-voting is optional. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Bank, subject to the provisions of the Banking Regulation Act, 1949, as on the cut-off date of 16th May, 2014.

(i) To use the following URL for e-voting:

From Karvy website: http://evoting.karvy.com

(ii) Shareholders of the Bank holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically.

(iii) Enter the login credentials [i.e., user id and password mentioned in the attendance slip of the AGM]. Your Folio No/DP ID Client ID will be your user ID.

(iv) After entering the details appropriately, click on LOGIN.

(v) You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) You need to login again with the new credentials.

(vii) On successful login, the system will prompt you to select the EVENT i.e., Axis Bank.

(viii) On the voting page, enter the number of shares as on the cut-off date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN.

(ix) Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.

(x) Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.

(xi) Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to cnjabd@vsnl.net with a copy marked to evoting@karvy.com.

(xiii) The e-voting period commences on Saturday, 21st June, 2014 (9:00 A.M.) and ends on Monday, 23rd June, 2014 (6:00 P.M.). During this period shareholders' of the Bank, holding shares either in physical form or in dematerialized form, as on the cut-off date of 16th May, 2014, may cast their vote electronically. The e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. Further, the shareholders who have cast their vote electronically shall not be able to vote by way of poll at the AGM.

(xiv) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of http://evoting.karvy.com or contact Karvy Computershare Pvt. Ltd at Tel No. 1800 345 4001 (toll free).

II. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Bank and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Bank.

III. The Results on resolutions shall be declared on or after the AGM of the Bank and shall be deemed to be passed on the date of the AGM. The Results declared alongwith the Scrutinizer's Report shall be placed on the Bank's website www.axisbank.com and on the website of Karvy within two days of passing of the resolutions at the AGM of the Bank and communicated to the Stock Exchanges.

IV. Poll will also be conducted at the AGM and any Shareholder who has not cast his vote through e-voting facility, may attend the AGM and cast his vote.